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Reconversion Taxes

SECRETARY OF THE TREASURY VINSON has proposed a cut in taxes, and Congress is eager to offer relief to the taxpayers. By common consent, this will be an interim measure; the big job of overhauling our tax system for the post-reconversion period will not be attacked until later. While all of us would gladly accept any tax reduction that Congress may see fit to grant, our real interests demand a careful consideration of the whole subject. Taxation is one of the most important elements of national economic policy; adoption of a wise program is necessary to achieve the largest possible volume of employment and to prevent increases in the costs of living. A cut in taxes would be of no benefit to a man who loses his job or even suffers a drastic reduction in income as a consequence, and it would be bought at too high a cost if it resulted in an increase in the cost of living which would cancel his gain.

Three questions are basic to consideration of any specific program. Should taxes now be reduced at all? If so, by how much? How should the proposed reduction be distributed?

In attempting to answer the first two questions, we must fix our attention on the size of the federal deficit, because this is roughly the measure of the amount of stimulation provided by the government to employment. In the fiscal year ending June 30, 1945, the federal government spent $100,100 million. Its receipts were $46,500 million. This left a deficit of $53,600 million. For the fiscal year ending June 30, 1946, federal expenditures will fall to about $66,400 million and receipts to about $36,000 million, leaving a deficit of $30,400 million. This is what will happen if taxes are not reduced at all. Support of employment by the national government will thus be cut by at least $23,000 million.

Will spendings by business and individual consumers increase sufficiently during this fiscal year to make up for the cut in government spending? Obviously they will not. The cancellation of war contracts plus demobilization is expected to produce a minimum of eight million unemployed this spring. The earnings of those who have jobs have been reduced by abolition of overtime and shifts to lower-paid occupations. Many civilian goods will not be available for those who have the money to purchase them. There is, however, no way to avoid transitional unemployment in so rapid a reconversion. The real question concerns what will happen over a longer period of months.

It is theoretically possible that in the calendar year 1946 spending by others than the federal government may be more than sufficient to make up for the slash in the federal deficit, without any tax reduction at all. During the war, much of the income received by individuals and business was not spent but rather was saved and thus did not actually enlarge employment. This was possible because the war supplies bought by the government were not sold to anybody. Approximately $115,000 million was saved in this way. This includes about $65,000 million of liquid assets, two-thirds of which are in the possession of persons earning less than $5,000 a year. If a spending spree should start, money might easily flow into the markets more rapidly than the production of civilian goods could

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be expanded, and inflation would be the inevitable result. This might occur even though private business was still unable to provide work for millions of wage earners. In these circumstances, it would merely aggravate the difficulty to supply additional purchasing power by reducing taxes.

The United States has adopted a policy of reverting to private enterprise with as few controls as possible, rather than attempting to plan civilian production and control expenditure in accordance with the requirements of the national economy as a whole. In these circumstances, the adoption of a correct taxation policy can rest on nothing more solid than a series of lucky guesses. Will the accumulated savings actually be spent in any great volume during the reconversion period? How rapidly and to what extent will industry expand civilian production? And how many people will it need to employ in doing so?

Nobody knows the answers to these questions, but the government has made the best guesses it can. It assumes that the spending of savings will be moderate, especially on the part of workers who either are unemployed or fear losing their jobs. It hopes that reconversion will be rapid and that goods will flow into the markets in sufficient quantity to check inflation. Indeed, it expects that some stimulation to purchasing power, especially on the lower levels, will be required for the sale of the available goods. It is on this basis that Secretary Vinson recommends moderate tax reduction. He answers our second question by advising that the reduction should not exceed $5,000 million. Whether these conclusions are correct, nobody can say in advance. On the whole, they seem to us reasonable, though we should much prefer no tax reduction at all at this time to one larger than Mr. Vinson recommends.

Granted that a reduction is to be made, to what elements in the community should it provide relief? Aside from any question of social justice, it is clearly necessary to enlarge the purchasing power of those at the lower end of the income scale if we are to stimulate markets and enlarge employment opportunity. It is here that the preponderance of individual consumers is found. It is here also that purchasing power is most affected by unemployment and reduction of earnings. People with relatively large incomes already can buy enough to satisfy their consumption needs without any tax relief at all. In this respect Secretary Vinson's program is far better than those of Republicans or others which have been suggested.

It is interesting to compare it with the proposal to make a straight 20-percent reduction to all income-tax payers. At first glance it seems as if removing the three-percent normal tax, as Mr. Vinson suggests, would be of much smaller advantage to all. Yet it would immediately release from any income taxation about twelve million persons who under the other scheme would gain a remission of only one-fifth of what they now pay. The benefit of repeal of the normal tax would also be greater than the 20-percent reduction to millions in the lower brackets who still would have to pay something. For instance, married persons with no dependents and with net incomes below $2,000 would pay less under the Vinson plan than under a 20-percent cut. The horizontal 20-percent reduction would also discriminate in favor of the large incomes. The actually effective rate of the reduction would vary from .2 percent to 3.3 percent for married persons with incomes under $5,000, whereas the rate would vary from 4.5 percent to 18 percent for those with incomes between $10,000 and $1,000,000.

Another of Mr. Vinson's proposals would also favor those in the lower income brackets and stimulate sales of goods. This is the repeal of the excise taxes imposed during the war. These, of course, are sales taxes which raised the price to consumers without regard to the size of their incomes. It is also sensible to prevent, as Mr. Vinson proposes, the automatic increase in the one-percent social-security tax which is to take place next January. This, like the sales taxes, is regressive in its effect on the purchasing power of individuals and tends to increase prices.

The repeal of the excess-profits tax, as suggested by Secretary Vinson, is the most dubious part of his program, since on the whole corporations have made large profits and are amply financed for reconversion. Some of them will continue during the ensuing year to receive profits which are a direct result of war expenditure. Nevertheless, there is a good case to be made for the abandoning of this tax in the near future.

The loss in revenue will not be so great as might appear from the figures of taxes received from this source, since it is a substitute for normal corporation taxes which will have to be paid as soon as it is removed. It is unequal in its incidence, because it taxes only the profits made in excess of those earned in a prewar base period. During that period, many corporations were already highly profitable and so have to pay little if anything under the excess-profits provision. Approximately one-third of the corporations with incomes of one million dollars and over have not had excess profits. On the other hand, corporations which have experienced a rapid growth during the war are deprived of any advantage as a result of that growth. This is fair in so far as the war created the profits, but there is little to be said for the distinction once a peace economy has returned.

For the welfare of the economy as a whole, the critical question with regard to profits is whether they are spent. In so far as they are distributed to shareholders, the personal income tax will tap them in accordance with the income status of the individual. In so far as they are spent for new production, they enhance the national income. It is important to prevent the hoarding of funds by corporations, such as might

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occur if the present tax incentive for spending were removed. For this purpose it would be well to devise a tax on idle funds. To remove any existing corporation taxes before this sort of protection can be adopted may be dangerous, but the Secretary of the Treasury doubtless believes that business is now more eager to spend in order to gain civilian trade than to build up its surplus and reserves.

Franco's Strength

RUMORS are cropping up that General Franco may soon resign and that a governmental change in Spain is imminent. Their sources are either dissatisfied elements in Franco's own camp which look forward to a restoration of the monarchy, or Spanish refugees who hope for a restitution of the liberal republic. The rumors have kept professional political prophets busy guessing when the blessed event will take place. Before the end of the European war they predicted that the defeat of the Axis was bound to seal Franco's fate. But five months have gone by, and General Franco is still in the saddle. Now the incorrigible propagandists prophesy with their customary zeal that Franco will resign within six months at the most, if not in two weeks.

The only person left out of all these calculations is the Generalissimo himself. In contrast to his wishful-thinking opponents, he recently declared with olympian calm that he alone will decide when and how a change in Spain's administration is to be effected. Franco is indeed in a fairly strong position to dictate his own choice—if within limits. He may retire and hand over his power to a *junta* of army generals, letting them worry over the future of Spain. He may come to terms with Don Juan, the pretender to the throne. Or he may prefer to stay in office and relax somewhat the severity of his regime. The only choice he cannot make —the only choice acceptable to the people of Spain and democratic world opinion—is to hold free elections or make arrangements for the peaceful transfer of power to the Republican government-in-exile.

The reason is his unique position in Spanish politics. Franco, unlike Hitler, never enjoyed the support of vast masses of the population. He has always been a lone figure. While Hitler had the backing and control of the Nazi Party of many million devoted fanatics, its Spanish facsimile—the Falange—though finally adopting Franco as its *caudillo*, has remained just one political force among the groups which constituted the "rebel" side in the Spanish civil war. Franco's power continues to rest on his ability to preserve and manipulate the precarious coalition of Falange, clergy, army generals, big landowners and upper bourgeoisie. To these elements he is arbitrator rather than dictator.

Whatever regime, therefore, Franco may want to see established in Spain upon his resignation, his choice is limited by the wishes of the coalition on whose need of having him as arbitrator his power depends. Although his dictatorship has all the trimmings of a fascist government, and although its techniques of power are fascist, its social structure is essentially the same as that of Spain's monarchy and quite different from that of the totalitarian fascist state. It was precisely because Spain's traditional ruling classes were determined to maintain their power that they conspired against the liberal republic whose program of reform—inadequate as it was—threatened the social basis of their very existence. The one objective they have in common, in spite of their differences, is their fear of liberalism and democracy. They cannot and will not give political power back to the Spanish people. Even if Franco should resign, all that will have disappeared is the hated symbol rather than the substance of the present regime.

Caution is therefore more necessary than ever in a discussion of Spanish affairs. It is perhaps characteristic of the present state of suspense that what may be the only alternative to the Franco dictatorship—violent revolutionary action inside Spain—is being disavowed by all sides. The army generals could make an end to the Falange regime. But they fear that once the regime's terror apparatus is removed, the rising republican opposition will liquidate them as well as the Falange. The republican opposition, on the other hand, is no longer revolutionary. Unarmed and not aided from abroad, it realizes the futility of trying to overthrow by violence a regime which spends exactly half of its entire revenue for military expenditures.

Moreover, as the United Nations are apparently unwilling to express their displeasure with the Franco regime in the only language which a fascist dictator understands—armed intervention, Franco is relatively

Fitzpatrick in the St. Louis Post-Dispatch

Atomic Bomb over Europe

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safe. Furthermore, though popular discontent is as strong as ever, Spain is economically better off today than most other European countries. It may be, of course, that once the boom conditions of a wartime economy have disappeared, a severe economic crisis may follow. The drought of the last two years has greatly lowered Spain's capacity to produce the electric power necessary for industrial manufacture. The cost of living is extremely high and wages have not kept pace. But all these circumstances will not suffice to finish off the Franco regime. On the contrary, even if Franco himself should go, continuance of the policies for which he stands is more likely than not.

The prospect for the future is not reassuring. The republican opposition would like to see the formation of a broad national coalition, the restoration of freedom, the release of political prisoners, and government by mutual agreement until elections can be held. But the generals—who alone are capable of removing Franco and the Falange without bloodshed—talk and plot with embarrassing publicity. They fear the opposition although it does not want violence. A *modus operandi* between generals and clergy on the one hand, and the republican opposition on the other, may be the only way to achieve a peaceful solution. But there is little reason for optimism. Army and Church spokesmen have recently reiterated their support of the Franco regime. The prophets, it seems, are building dream castles if they expect a really fundamental change in Spain—unless some kind of drastic action is taken by the United Nations.

The Public and the Strikers

A PROFOUND AND UGLY division has appeared among American citizens in the last few weeks. With the end of the war only two months in the background, attitudes that were held while it was in progress already seem tinged with the remoteness of history. All over the country, strikes are under way, or are threatened, or have just come to an end. These are neither so numerous nor so significant as the newspapers are making them by adding them up under black headlines on the front page; thus far only about two-thirds of one percent of the nation's workers are affected, and the proportion of union members is far smaller still. But the strikes are sufficiently numerous and disturbing to have brought us back at one bound to some of the grimmest aspects of prewar days. The labor-baiters are out in force again. There is talk of new and even worse restrictive legislation, although the latest example of this, the Smith-Connally Act, is such a fiasco that even its authors now want it repealed.

Let us recognize at once that strikes at this moment are particularly unfortunate. It is dismaying to see the coal miners, for only one example, walk out when millions of people in Europe are in danger of freezing this winter, and when lack of coal cripples their whole economy and prevents them from helping themselves. The United States has removed controls on private industry in a huge, indeed almost a desperate, gamble that enough consumer goods can be turned out fast enough to bridge the gap of unemployment in the war industries and to prevent inflation arising from heavy competition in a seller's market. The margin of safety is so narrow that even a short delay in a few crucial industries might have serious consequences.

But to say this is not to say that labor is in the wrong in its present attitude. On the contrary, there is a case for the strikers which the daily press very largely ignores. These workers have gone through long and weary war years under a no-strike pledge for the most part patriotically observed, sometimes under great provocation by employers who deliberately took advantage of labor's situation. It is true that the family income of the average worker's household has substantially increased during the war; but this has come through full employment, longer hours, and more members of the family than usual working for wages. Pay increases have been held to 15 percent during a period when the cost of living was rising 30 percent or more. The workers see the country's corporations gorged with profits even after excess-profits taxes have been paid. They know, moreover, that the excess-profits tax is sure to be abolished in the near future. They see prices going up as controls are relaxed. They see Congress obviously in a mood to do a great deal to benefit capital while giving little or no consideration to labor or the farmer either in those capacities or in their alternative role as the overwhelming majority of all consumers.

To be sure, the picture of worker-employer relationships is not all white and black, any more than anything else in life. There are employers who are more fair-minded than the average; there are workers who are impatient, unreasonable and excessive in their demands. But a disturbingly large proportion of all employers would like to see a period of low wages, low taxes and high profits. This is of course a guaranteed formula for a new and severe depression. It runs counter to our professed national policy of high consumer purchasing power to buy the products of our mass industries.

It is perfectly plain that the country needs a better understanding between employers and employed, and a better comprehension by public opinion as a whole, which tends to let the hardships caused by strikes swing it over to sympathy with the employer, forgetting that it takes two to make a strike and that workers who go out usually suffer far greater individual hardships than do the owners of struck plants. True, we need better machinery for conciliation and arbitration than now exists. But it must not be machinery which makes the futile effort to force men to stay on the job against their will. You can't, in a democracy, mine coal with bayonets.

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Everyone admits that workers should not get increased wages if these must be reflected in increased prices, leading us into the upward spiral of inflation, soon robbing the worker of the benefits which, on paper, he had achieved. The employers say they cannot make substantial wage increases without putting up the price of their goods. But this is a question of fact which cannot be settled so long as they refuse to open their books. There is good reason to believe that in many cases profit margins are wide and that economies in operation could achieve substantial savings. Larger wages will mean larger consumer sales, and this greater volume of production should reduce the unit costs.

For the public, the thing to remember is that it is not the innocent bystander it is so often assumed to be. An orderly conflict over wages between employers and employees is a necessary and inevitable part of the civilization which most Americans want and are determined to maintain. It is just as much a part of the public obligation to insist that employers shall not make excessive profits at the expense of their employees as it is to see to it that unions are not too greedy in their demands. We shall never solve our problems until all elements accept their total responsibility to coöperate in the maintenance of high production, high consumer purchasing power and an expanding economy.

Russia in Her Tent

THE TECHNICAL ISSUE involved in the disagreement between Commissar Molotov and Secretary Byrnes is one easily capable of being settled if the disputants were really ready to agree on more substantial issues. Molotov declares that the Potsdam agreement requires the peace treaties between the Allies and the Balkan states to be made only by the Big Three. Secretary Byrnes declares that it allows other interested nations to participate in the discussions, and that during the London conference, Molotov actually consented to the participation of France and China. Russia now insists on observance of what she considers the letter of the Potsdam agreement, while the United States and Britain stand by a broader interpretation. It is absurd to charge that the Western powers are going back on their word in doing so; they even have a right to ask Russia to alter the original agreement, though they do not admit that this is necessary. The real point is that Russia does not want any more opposition to her influence over the Rumanian and Bulgarian governments than is already evident in the British and American position.

Why did Molotov adopt such an intransigent position? Partly, of course, because the Russian government intends to make absolutely sure that no hostile party has access to power in the states bordering the USSR on the west. But these states could never threaten her unless there were stronger forces behind them. It is extremely doubtful if they would even wish to do so, under the utmost political freedom that the Western nations might demand. Russia's real fear is of ultimate hostility on the part of a unified Europe, or of Britain and the United States themselves. Ill grounded though her suspicion seems to be, there can be little doubt that it is genuine.

This suspicion has been fanned by the attitude of Britain and the United States on other matters. Britain has been wooing France and other Continental nations toward a closer union with herself, a union sorely needed for economic reasons. But Russian leaders never distinguish between economic and political motives. To them any European unity looks like a potentially hostile bloc. The United States has assumed full control in Japan and is pressing for ownership of naval bases in the Western Pacific. The Soviet Union is in effect saying: Very well, if you insist on spheres of influence and outposts to protect yourselves against us, we insist on our own spheres and outposts. If you mean your international talk, you will let us in on all these affairs. Meanwhile, you are acting as if we were not so important and powerful as the war proved us to be. We will teach you that we can fail to coöperate as well as you.

Russia, like Achilles, is sulking in her tent because of a tiff with comrades-in-arms. This may be effective diplomacy, but it has its drawbacks. For instance, no force could act more powerfully to pull Western Europe together and deprive Communists of influence in it than the fear of internal interference which Soviet intransigence on the Balkan issue symbolizes.

A Correction

Because of a typographical error, for which the author was not responsible, the name of the late Senator Edward P. Costigan was misstated as Howard Costigan in Mr. C. B. Baldwin's article, "Report to the President," in the *New Republic* of October 8. — THE EDITORS

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Time for Action!

I. Is Truman Licked?

IT IS JUST ONE MONTH since President Truman sent Congress his program for reconversion and security for all. Two of the leading measures he called for—the full-employment bill and the unemployment-compensation bill—have already been gutted, and most of the rest of his program is menaced.

Reconversion Director Snyder has just reported to Congress that "high employment will persist through 1946." More specific estimates from government sources show that unemployment will not fall below a level of six million at any time in 1946 and will probably be close to eight or nine million for at least half the year.

The end of the war has meant a cut of from 23 to 50 percent in take-home pay for some seven million workers in the durable-goods industries, and there has been no change in Administration wage policy to compensate employed workers for loss of overtime and upgrading pay. The cuts in employment and in take-home wages will mean a decrease of $20 billion per annum in purchasing power by the last quarter of this year.

It doesn't take a mathematical wizard to add all this up and see what a threat it constitutes for the nation as a whole, not just for labor.

If the President meant what he said in the first place, if he believes in President Roosevelt's Economic Bill of Rights, which he adopted, the way is clear for him. He must assure, by all the means open to him, the existence of sufficient spending power to keep production moving. When Congress refused to grant unemployment-compensation pay, it closed one small way to him. By rejecting the real responsibility features of the full-employment bill, Congress has blocked off a major approach.

But it *is* in the President's power *now* to encourage wage raises and to order a tight line held against price increases. He can do further battle with Congress, with much more spirit and determination, for an increased minimum wage and tax cuts for the lowest income group. And he can take his case to the country in such a way that every citizen will understand what is happening to him, who is responsible and what he personally can do about it.

A deep vein of discouragement is running through liberal Washington because the Administration is not doing these things. There is no wage policy. Secretary of the Treasury Vinson has sent an appeasement tax program to the Congress which, as usual, didn't satisfy the greedy it was intended to appease. The fight for an increased minimum wage is not well organized. And no member of the Administration, including Henry Wallace, seems in the mood to talk straight to the people.

The combination of the seeming blindness of the Administration to the seriousness of the wage problem and the viciousness of the press is spreading the strike fever. The President's answer to date is (1) to express confidence in the ability of Secretary of Labor Schwellenbach to patch up labor-management differences on wages and other basic matters, and (2) to call a national labor-management-public conference to work out a future policy at a date still four weeks away. At this leisurely pace, assuming that the conference actually does produce a workable policy, it will be close to the first of the year before it will be in operation. In the interim, three million more veterans will be demobilized to add to the problem.

Merely allowing employers to raise wages if they won't use them as excuses for price increases will not assure the large and steady market needed. There must be substantial wage raises immediately. The 30-percent increase in the present rate of pay for which most unions are asking is necessary to sustain the national income, and the President should tell the country so, and why. If he needs any help in stating the case, all the pertinent data should be available in the files of the ex-Stabilization Director William H. Davis, who was fired after telling a press conference that wage rates could and should be raised within the present framework of prices, by as much as 40 to 50 percent in five years. After months of stalling a strong reconversion wage-price program, Davis had been convinced by the economists' arguments for raising wages and holding price lines and was preparing a series of fairly good orders to that end. Now Davis is gone, and there is a new Stabilization Administrator to educate, Caskie Collett, a United States District Court judge from Missouri.

The fundamental facts on which the President and Judge Collett must base whatever labor policy they devise remain little changed.

The Detroit automobile worker who was earning $60 for a 48-hour week during the war (straight-time hourly earnings of $1.15, with 8 hours' overtime at time and a half) is now back to a 40-hour week, and his weekly wage is cut to $46. If he stays on in the same job, he will receive a 23-percent cut in take-home pay.

About 17.5 million men and women were employed in the war-manufacturing industries at the peak of production last year, as compared with 11 million in 1940. Industry estimates compiled by the War Production Board indicate that manufacturers will need only 13 million workers in 1946. So 4.5 million will

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have to find other jobs. These shifts will mean further cuts in take-home pay. Average hourly earnings in nondurable-goods production are 85 cents, or weekly take-home pay of $34 for 40 hours. Those who have to find employment in the service trades will only get an average hourly wage of 75 cents, or $30 per week.

These cuts in take-home pay added to the cuts in employment which the government anticipates, mean that $20 billion per year less will be going into wages and salaries by the end of the year. The loss of that much purchasing power would mean smaller markets, especially for food, clothing and services. In such a case, farmers would feel the backswing to the tune of a 25-percent decrease in net farm income for 1946.

Meanwhile, with present wage rates, manufacturers will decrease their costs at least 10 percent next year by eliminating upgrading and similar wartime practices. After the last war, output per man-hour in manufacturing went up 10 percent each year from 1919-22. It is safe to assume that productivity will increase at least that much this time, with proportionate gain to the manufacturer. In addition, Congress is almost certain to repeal the excess-profits tax this session, with the result that profits after taxes next year will hit an all-time high.

Most war industries will be so swollen with profits that they could absorb practically the full cost of a 30-percent wage raise without strain. Even in the nonwar industries, there would be little need to grant price increases at the manufacturing level, and in many of those cases some part of the cost of the increase could be absorbed at the retail level. Department stores have increased their profits from 1.5 percent of sales in 1936-39 to 12 percent of sales in 1944, and could afford to take some of the cut.

The question whether a substantial wage increase would mean a substantial increase in the cost of living is political rather than economic. There is certainly no need for the two to rise in anything like the same proportion if the Administration is not afraid to squeeze out some of the very adequate profit at both the manufacturing and distributing ends.

The profits of all corporations before income taxes in 1944 were about $25 billion, or five times as much as in prewar years 1936-39. Last February, the War Labor Board reported to the President that present wage demands by labor organizations would not add more than $8 billion to the national wage bill. In other words, corporate profits were so large last year that labor's demands could have been paid and still have left $17 billion profits, more than three times what was made before the war.

But apparently the Administration does not dare attempt even this small cut in profits to make up for the $20 billion cut in wages which is already in effect. Three weeks ago, few Administration leaders would even discuss the possibility of a plan for increases of more than 10 percent, or one-third of the loss in take-home pay. Today, with workers' delegations swarming over the Capital, President Truman is being widely advised to suggest a compromise 15-percent wage increase, together with some price adjustments. A 15-percent raise would be absolutely inadequate. It would restore less than one-half the former take-home pay and would still mean a $14-billion cut in the national income. Obviously this is the lowest increase the Administration could publicly discuss, since it is the exact amount that was voluntarily granted its employees by Standard Oil. Next year it is estimated that corporations will earn $17.5 billion in profits. A 15-percent increase would cost them only $1.5 billion, leaving the corporations with three times the profits they had in 1939.

Labor's demand for the restoration of its wartime pay rate is reasonable and practicable. And along with the granting of it should go a sharp cut in the withholding-tax rate now levied on those at the bottom of the income scale.

President Truman's political future and the future of the Democratic Party for years to come may hang on whether he carries out the full-employment program he has set for himself. But you would never guess that from the uninspired, rather timid manner in which the Administration is waging battle for it. CIO President Philip Murray frankly told one of the many labor delegations that have been visiting the Capital recently that the principal threat to the leading measures in the President's program was the "lack of any organized effort by the Administration or its supporters inside or outside of Congress . . . . If these measures are not passed in substantially the form asked for by the President," Murray said, "it will be a body blow to postwar recovery and repudiation of the President's leadership. And I do not consider that the Administration and the leadership of the Democratic Party in Congress have shown sufficient exertion to date on these crucial measures."

Many key men in both the Senate and the House will tell you privately that Murray is right and confess their disappointment over the lack of fighting leadership from the White House. They point to the defeat of the unemployment-compensation bill as an example. Truman delegated a bungling Mississippi politician turned big businessman, George E. Allen, to put the bill through and did not organize Administration forces on the Hill until it was too late. The same lack of detailed strategy is having its effect on the vitally important 65-cent-minimum-wage bill.

There is nothing in the Truman Administration's legislative performance to date to give labor confidence that it could safely abandon its own heavy weapon, the strike, and still be protected from abuse. Congressional opposition to the measures necessary to enact the forward-looking program President Truman has proposed is so great that he needs all the help he can get to win

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his battle. Hannegan can't help him now. Only the mass of the people can, and they will if he gives facts and offers to lead them in the fight until it is won.

Washington HELEN FULLER

II. How Much Unemployment?

HIROHITO'S CAPITULATION created a wave of optimism in the United States that has spread to the problems of peace. As tons of Victory paper fell from our tall buildings we began to feel that we could easily lick black markets, inflation, bottlenecks, reconversion, and especially unemployment.

The shower of paper was quickly followed by a shower of Washington telegrams canceling war contracts. The inebriation of Victory was succeeded by the hangover of layoffs. Thousands seeking work began to appear at employment offices. Federal authorities predicted five million jobless by January and eight million by April. Senator Kilgore thinks there will be nine million unemployed; Sidney Hillman says ten.

Yet with it all, our optimism has not diminished. Cheerful reports and predictions flow steadily from three sources: businessmen's groups, especially the National Association of Manufacturers and the Committee on Economic Development; certain government agencies and officials such as the war-agency heads—Snyder, Krug and Bowles—and some labor leaders, notably William Green. It recalls post-1929 days when Washington developed the dispersion of economic sunshine as a fine art.

In the foreground is the CED, which assures us that full employment requires, after all, only 53.5 million jobs in September, 1946, even though 66 million were in the civilian labor force and the armed services in 1943. This conclusion assumes that:

1. Six million wartime "extra" workers will leave the labor market.

2. About 3.5 million will remain in the armed services.

3. About 2.5 million will be in the "normal labor float" composed of workers who are trying for new jobs, taking vacations, etc.

4. There will be an irreducible residue of unemployment amounting to 552,000 persons on September 1, 1946.

These figures add up to 12.5 million persons who do not require jobs, and when they are subtracted from the 66 million assumed to be in the labor force at full employment, the conclusion is reached that only 53.5 million jobs will be required. Unemployment will amount to only 552,000.

Plausible as this conclusion seems, it is fallacious. Unemployment will increase to 11 or 12 million by 1946 and may go as high as 18 million afterwards.

Prediction of unemployment is not an exact science. Both statistical uncertainties and emotional attitudes are often part of the process. Those who want to be hopeful about employment inflate the number of voluntary departures from the labor market or the number of job opportunities to be offered by private enterprise in the early years of peace.

Will the so-called extra workers leave the labor market in such numbers that, even when servicemen return to the tune of at least 7 million, only 53.5 million jobs will be needed? (At the peak of war employment, in the summer of 1943, there were about 55 million people working and only an insignificant number of servicemen had returned.) Will as many as 3.5 million actually still be in the armed forces in September, 1946? Will there be 2.5 million "floaters" in 1946 voluntarily and temporarily removed from jobs? If so many wish to float, let us hope that their pockets will still be sufficiently full of war earnings to keep them from sinking. Will all the factors in providing employment line up so closely as to reduce the unemployment residue to a mere 552,000?

If we are to face facts and think as a mature people, we cannot say yes to these questions. Nor can we agree with Ira Mosher, president of the NAM, when he says that most war workers will be unemployed for less than thirty days. We cannot have such blind faith that we repeat with William Green, on Labor Day, 1945, President Roosevelt's 1932 dictum that "We have nothing to fear but fear itself." As Mr. Green realizes, the Murray full-employment bill and similar prosperity measures will be needed to quiet our fears.

There is no chance of squeezing next year's unemployment down to 552,000 except by exactly the familiar legerdemain now being used—separating the mass of job-seekers into numerous categories and making these categories disappear so that nothing is left but a small residue.

What, after all, is meant by full employment? What is meant by unemployment? Is Sir William Beveridge correct in saying that full employment means employment of no less than 97 percent of the labor force? What is the "labor force"? Does it consist of all those seeking jobs, or does it include only those who ought to seek jobs, by some happy criterion of the estimator? The NAM, for example, believes that many who worked during the war should not seek jobs after it. Women workers "ought" to stay home—and therefore will; teen-agers who have been working "ought" to go back to school—and therefore will. If any of these people seek jobs and fail to get them, they cannot be counted as unemployed, because it has already been proved by statistical "oughts" that they are not part of the labor force.

A chief reason for optimism as to employment today is the belief that the six million or so "extra" workers who were in the labor market at the peak of war activ-

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ity in 1943 will not be seeking jobs in 1946. A forecast of 11 or 12 million unemployed in the spring of 1946 accepts Beveridge's definition of full employment as reasonable. It does not make the wartime extra workers vanish into a backstage limbo.

Realism requires acceptance of more rigorous assumptions. After each war, many of the "temporary" wartime workers keep right on working. The six million "extra" wartime workers referred to by the CED were composed of 2.8 million teen-agers, 1.5 million women over 35 and 1.5 million elderly and semi-employable men.

Will all these "extra" workers leave the labor force? About a million of the old and semi-employable men will probably leave. What can be expected of the women workers over 35? It was only in this age group of women that the wartime rise in employment was significantly abnormal. The proportion of all women working for wages—and getting jobs—was steadily rising before the war. Will these women workers over 35 find men to support them in the style to which they are now accustomed to supporting themselves?

Most discussions of "surplus women workers" emphasize the abnormal character of the wartime statistical bulge in the upward trend of women's employment and overlook its relation to historical and general labor questions. Such popular opinion as there is on the subject comes from two sources. There is the businessman who is upset, and generalizes rashly, when his secretary quits to have a baby. There is also the employer who struggled with inexperienced women war workers and breathed a sigh of relief when they quit or he could fire them after V-E Day. Both these types of employer believe women "ought" to leave the labor force—and therefore will.

Perhaps half a million of them will actually leave the labor market in 1946, depending on whether other means of support are available in their families. But the fact that employers do not want to hire them will not mean that they are out of the labor force. They, like younger women, will have their eyes on heightened living standards first enjoyed during the war.

The main clue to the number of extra workers who can be made to disappear is right there. The war raised family incomes greatly because more than one member of a family could be a breadwinner. What about those working teen-agers? Pop, aged 52, has lost his war job in the aircraft plant with take-home pay of $62 a week, and after four months of reluctant "readjustment" has taken a job as a machine-tender in a small plant at $28 net. Mom no longer has the wartime boarder who worked in the local arsenal and on whom she made a clear profit of $3.50 a week. Sis has lost her factory job with $32 take-home pay and is now working in a restaurant at $6, plus uncertain tips of from $8 to $12 weekly. Bud, the youngest, is still in grade school and delivers papers for $2 a week. Thus we have:

	Wartime Income	*Peacetime Income*
Father	$ 62.00	$28.00
Boarder	3.50	0.00
Sis	32.00	14.00-18.00
Bud	2.00	2.00
Teen-ager	26.00	?
	$125.50	$44.00-48.00?

Under the circumstances will the teen-ager (perhaps no longer a teen-ager in 1946, by the way) give up earnings of $26 a week in compliance with appeals from Bing Crosby and Commissioner of Education Studebaker, who want him to acquire the leadership qualities needed for American postwar reconstruction? Will his parents encourage him to return to school?

If anything like the shrinkage described above threatens family income, the "extras" will stay in the labor force. In 1944 there were more than five million teen-agers in the labor force and 1.5 million in the armed forces. Normally, about 3.2 million would have been seeking work anyway. But the abnormal bulge of wartime teen-age employment is now a *fait accompli*. Perhaps the *new* teen-agers—Bud's generation—can be kept from job hunting. But of the 2.8 million wartime extras, as many as 2 to 2.5 million will continue to seek employment.

The "six million extras" who can be counted on to leave the labor market therefore actually amount to from 1.8 to 2.3 million: 300,000 to 800,000 teen-agers, 500,000 women over 35 and 1,000,000 elderly and semi-employable men.

It also now seems likely that, because of the accelerated rate of discharge, 2.5 million, rather than 3.5 million, will be in the armed forces next September. Of the 8.5 million returning to civilian life, perhaps one or two million veterans "ought" to go to school or college. On the basis of veterans' behavior to date and the expressed attitudes of servicemen, it is more likely that about 350,000 will be genuinely out of the labor force in the sense that they will be exclusively engaged in rather long-term education or training without seeking any part-time work. Another 550,000 have been killed, or injured so seriously that their occupational rehabilitation is doubtful. Thus, of the 11 million who have been under arms, only the 2.5 million remaining in service, the 550,000 killed or injured, and the 350,000 in school—a total of 3.4 million—may be counted out of the labor force.

The labor "float"—those workers engaged at any given time in shifting their jobs—is of course an additional part of the labor force. Its size changes with the season and the total is affected by general job prospects. In a period of high employment it might amount to as much as two million.

The number in the labor force has been permanently increased by the war. It must be added to the

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normal upward movement in the number of job-seekers in America arising from changes in the age distribution of the population. More postwar jobs will therefore be required than the 53.5 million estimated by the CED. A better estimate is that 58.3 million will be needed:

	Our Estimate	*CED Estimate*
	Millions	Millions
Total full-employment labor force	66.0	66.0
Less:		
The "extras"	2.3	6.0
Servicemen—		
In service	2.5	3.5
Casualties	.55	—
In school	.35	—
Labor float	2.0	2.5
"Irreducible unemployment"	—	.5
Total requiring jobs	58.3	53.5

What of the jobs to be provided by industry in the coming year—a year in which about 25 million people are going to change jobs? The NAM and the CED forecast 53.5 million jobs by next September. But we cannot share their optimism.

The prediction of 53.5 million jobs is based upon a tabulation of good intentions. Seven thousand employers questioned by the Department of Commerce reported that they *intended* to increase their investments by $9 billion. But there are cogent reasons for believing that employers will not employ 53.5 million workers by next fall.

There are three general obstacles to postwar reemployment: 1. the elimination of huge federal spendings; 2. the determination of many industries to maintain prices at 1942 or higher levels; and 3. the rise in labor productivity during the war and the sharply increased attention to labor costs when competitive conditions are restored.

No adequate compensation for war spending seems to be developing. There are few customers so persistent and spendthrift as a government at war. That wartime savings can bolster consumer demand for a long time is a myth adopted by optimistic employment experts, like Woytinsky and others, not by financial or general economic students. Dr. F. A. Harper of the Department of Commerce finds that of the $65 billion of excess savings stored up in the last three years, only $37 billion constitute postponable purchases. A large part must be hoarded for security purposes or spent only for necessities when jobs disappear. Industry's plan to spend $9 billion for new investments also fails to compensate for the loss of government purchasing power.

Many industries plan to retain high wartime prices. As money incomes decline, this tendency will reduce consumer demand and consequently retard employment. The OPA has provided administrative machinery for price "readjustments" to meet current costs of production. The aluminum-ware, washing-machine, radio, lawn-mower and vacuum-cleaner industries have already asked for higher than 1942 prices. The automobile industry has been allowed its "readjustment." Few industries seem satisfied with the 1942 prices at which OPA Administrator Bowles hoped to stabilize for the reconversion period.

During the war, labor productivity in some fields has increased by 40 percent or more. Shorter hours and higher wages should result. But many firms have decided that economy in labor is the solution. When faced with competition, they first cut labor costs.

What does all this mean for the unemployment estimates? It means that business is as likely to provide 45 million jobs as 53.5 million jobs in 1946. Its intention to employ the latter number is no assurance of performance. But is there any way of predicting how many can be employed? The answer is no, yet upper limits can be set to the number which lead us to believe that unemployment will be at least 11 or 12 million by spring and continue at that figure into the fall:

	Our Estimate	*CED Estimate*
	Millions	Millions
Full-employment civilian jobs, 1943	55	55
Less:		
Unconverted war jobs	6	
Reduction in manufacturing jobs	3	3
Plus:		
New non-manufacturing jobs	—	1.5
Total postwar civilian jobs	46	53.5
Total postwar labor force	58.3	54.0
Total unemployment	12.3	0.5

According to Morris Livingstone of the Department of Commerce, six million war jobs must disappear no matter how good business is. Nothing is planned to replace them. They will not reappear in reconversion. Out of the 55 million civilian jobs offered to workers in the high year, 1943, six million will thus disappear. The employers surveyed by the CED were at best responsible for only 49 million jobs when production was at its peak. Will they offer these 49 million jobs to the labor force in 1946, with incomes down and prices still up? It is very doubtful. Manufacturing employers plan to employ three million less than in 1943, according to the Department of Commerce. The CED expects the transportation, trade, farming and service segments of our economy to employ so many more workers than they did in wartime that the job total will nevertheless be 53.5 million. Transportation alone is expected to employ five million more than in wartime, when every piece of equipment was strained to

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the breaking point. On the contrary, non-manufacturing employment cannot much exceed wartime employment in such fields for many years. Let us accept the possibility of three million jobs lost, brush the optimistic smoke from our eyes, and do our planning on the basis that the number of jobs offered by industry is likely to be about 46 million.

WILLIAM WITHERS

Germany Cannot Be Agricultural

Mr. Morgenthau's Panacea: II

THE BEST ANSWER, perhaps, to former Secretary of the Treasury Morgenthau's plan[1] for the de-industrialization of Germany has come from General Eisenhower. The German economy, Eisenhower stated in his first report on the progress of American Military Government, "is, for the time being, thoroughly demilitarized, and, far from restraining resurgent German business, great efforts must be exerted to build up industrial, transport and communications facilities, which are essential for the production of coal required in Western Europe and for the provision of minimum food and other essential supplies."

Just as Mr. Morgenthau's de-industrialization plan had an element of truth in his interpretation of the role of Germany's heavy industries in her aggressive foreign policy, there is an element of truth in his assertion that the existence of big landed estates contributed to making Germany a military threat to international peace. It is doubtful, however, whether the alternative to de-industrialization which Mr. Morgenthau offers—the transformation of Germany into a predominantly agricultural nation of small farmers—could have the desired effect of preventing another war. On the contrary, there is reason to believe that it might create the conditions which may lead to war.

On the assumption that Germany's postwar population will be between 55 and 60 million, Mr. Morgenthau estimates a total labor force of 25 million. If his de-industrialization scheme were acted upon, it would deprive between four and five million workers of employment in heavy industries. To absorb those unemployed in the economic process, Mr. Morgenthau would resettle them on the land, thus raising Germany's total agricultural labor force from 9,388,000 (in 1933) to approximately 14 million. The remaining 11 million workers would continue to find employment in transportation, trade, public service and light industry.

In order to settle five million workers on the land, Mr. Morgenthau proposes to break up Germany's big estates. Allowing for certain territorial cessions and loss of population, he estimates that Germany's arable land will remain about the same as before the war. The breaking up of the big estates would make available about one-third of all land, or 37 million acres. Of this, Mr. Morgenthau says, only 12,725,000 acres were cultivated. If the other 24 million were divided up into 12-acre farms, two million families could be settled. Additional farms could be provided by reclaiming wasteland, military camps and airfields, clearing forests, bringing pasture land under the plow, draining swamps and terracing hills for cultivation.

On the surface, this agricultural program appears to make sense—in fact, to kill several birds with one stone. By breaking up the big estates, it would seem to deprive the feudal and militaristic Junker class of its sources of power. It would seem to be a practical measure to absorb millions of workers previously employed in heavy industry. And it would seem permanently to curtail Germany's ability to make war.

There are, however, a number of flaws in Mr. Morgenthau's statistics. In the first place, the Oder River border in the east, agreed on at Potsdam, will deprive Germany of much agricultural land in Silesia and Pomerania not taken into account by Mr. Morgenthau. Second, as it is the declared policy of Poland, Czechoslovakia and other European nations with German minorities to eject all Germans—about 15 million people—Germany's postwar population will probably be closer to 65 than to 55 or 60 million. Third, it is questionable whether a 12-acre farm, even if intensively cultivated, can support a family and also produce a marketing surplus for the urban population. (Under the Weimar Republic numerous small holdings were created, averaging about 27 acres in size. This was apparently regarded as the minimum for an economically productive farm.) Fourth, this means that the number of people who could be resettled, after farm land has been made available, will be much smaller than Mr. Morgenthau estimates. Fifth, even if two million were resettled, about 20 million—not 11—will have to be employed in non-agricultural pursuits.

Moreover, the cession of all territory east of the Oder to Poland—about 40,000 square miles—will mean the loss of a third of Germany's food supply. Before the war, Germany supplied only 83 percent of

[1] Germany Is Our Problem—A Plan for Germany, by Henry Morgenthau Jr. New York: Harper and Brothers. 239 pages. $2. Also see the *New Republic* of October 8.

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her own food requirements. The loss of the eastern territory will further lower this percentage. Even if large-scale mechanization and artificial fertilization were fully exploited, Germany could probably satisfy only 75 percent, rather than Mr. Morgenthau's optimistic estimate of 95 percent, of her real needs. The remainder would have to be imported.

In demanding the breaking up of the big estates, Mr. Morgenthau is on firm ground. These estates were not only the backbone of the war-minded Junker class and its land-owning satellites, but both under the Kaiser and Hitler, helped to make Germany independent of food imports. And it is equally important to remember that before high protection had become a policy of self-sufficiency in the thirties, the big landowners, insisting on high protective tariffs, were also interested in squeezing as much profit as possible out of their domains. Cereals, especially wheat and rye, could be produced without the use of modern agricultural techniques whose introduction would have required large capital investments which these landowners were unwilling to make. This policy of high-cost agricultural production disadvantaged the entire German economy, and the bill was footed by the small peasants and workers. Only by nationalizing the big estates and then breaking them up into small units would the intensive cultivation of the best food crops of high-nutrition value and low-cost production have been possible. Such a policy has long been the demand of German liberals and socialists.

But to make even small farms highly—and economically—productive, machines are necessary. Mr. Morgenthau's dilemma is obvious. He wants to prohibit the manufacture of tractors, trucks and other heavy agricultural machinery, but he also wants to raise the productive capacity of German agriculture. The latter, however, is impossible without the former. Moreover, Mr. Morgenthau's agricultural program—even if it were feasible—is predicated on the availability of fertilizers and those staples like wheat and rye which he would replace with high-nutrition, low-cost crops. And these imports would necessitate more foreign trade than he wants Germany to have. (He writes: "Before World War I, Germany accounted for 12 percent of the world's international commerce. By the 1920's her share had fallen below 10 percent. In 1936 and 1937 it was a bit more than eight percent. The world would not be the loser if Germany fell to two or three percent and her share [were] taken over by other nations." But European figures, as a later article will show, give an altogether different picture of the importance of German foreign trade.)

The danger of the Morgenthau plan is clearly recognized in a report, just published, of the National Engineers' Committee of the Engineers' Joint Council on *Industrial Disarmament of Aggressor States*. The impartial and expert authors of that report point out that the "elimination of German industries, leaving agriculture as the sole occupation, would produce an economic dislocation and social chaos of destructive magnitude, not alone in Germany but throughout Europe. Adequate enforcement would be practically impossible. Furthermore, severe restrictions of this nature probably would be repudiated by world public opinion in a relatively short time, resulting in a repetition of the aftermath of World War I."

A guiding consideration, the Engineers' report suggests, must be that the industrial disarmament of Germany will not disturb the world economic situation. As German endeavor in the fields of nitrogen fixation or aluminum production, for instance, contributed little to the economic structure of the world, these industries can be eliminated with no ill consequences. The same is true of synthetic oil. But as Germany has real need of these raw materials, the report suggests that postwar requirements of nitrogen for agriculture, of aluminum for manufacture of consumers' goods, and of oil, be determined at intervals, so that proper imports can be arranged. (Some German nitrogen production may even be permitted, especially cyanamide.) As the German steel industry competed in the world market only with the support of cartels and subsidies, the reduction of iron and steel capacities to a level sufficient only for domestic peacetime needs is proposed. Coal will remain the principal German natural resource. It is probable, the report states, that "the domination, allocation and strict control of German coal and its uses would provide effective control of all German industry." For coal is needed in the production of electric energy, nitrogen, synthetic oil and many other products. All of the provisions of the report would reduce Germany's industrial labor force only about five percent.

These proposals are certainly a far cry from Mr. Morgenthau's plan to destroy all German heavy industry. Unemployment, of course, will prevail in any case in the next few years. Mr. Morgenthau admits that even if his plan were carried out, "the German people in the immediate future can count upon a period of mass unemployment as severe as anything they have ever known." He points out that it is unlikely that within the next few years Germany could achieve a level of non-agricultural employment as high as that of 1933. And in 1933 almost eight million fewer workers were employed in German industry than in 1939. Mr. Morgenthau estimates a postwar unemployment of ten million.

In view of the fact that German cities and factories are badly damaged, if not completely destroyed, that Germany has no foreign exchange and that her agricultural production cannot satisfy her needs, it is clear that she will be a slum area in the heart of Europe, with possibly disastrous consequences for the whole

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continent, unless the situation is alleviated immediately. Unemployment—and, one might add, starvation—would be, as Mr. Morgenthau acknowledges in spite of his wrath, an offense to humanity and world security. But the two remedies which he proposes—resettlement on the land and labor battalions for work outside Germany—are economically unsatisfactory solutions. While labor battalions are, at the most, a temporary expedient, resettlement—quite apart from the impossibility of its being undertaken on the scale Mr. Morgenthau envisages—is a long-range project, also incapable of mitigating the immediate threat. The only practical solution, as General Eisenhower learned from experience, is to reconvert German industry as quickly as possible to peaceful manufacture of the many goods which both Germany and the European countries need. Such renewed industrial activity would absorb at least some millions of workers, spread purchasing power, stimulate production for home consumption and export, and make possible the importation of foodstuffs.

A new agricultural beginning, of course, will also have to be made. If this reorientation of German agriculture is to be successful, it cannot be an alternative to industrialism, but must parallel the resumption of peaceful production. Germany's farmers need modern agricultural implements and fertilizers, which they cannot get if her industry stands idle and her economy is not reintegrated into the European and world economy. The workers, on the other hand, cannot produce if they have neither food nor sufficient employment to enable them to buy such food as there is. Only a balanced economy can solve the "German problem," which consists, after all, of removing the causes that made her an aggressive power in the last fifty years.

HEINZ EULAU

This is the second of a series of articles on Germany's economic future. The third, discussing her role in European commerce, will appear in an early issue. — THE EDITORS

France at the Polls

WHEN THE FRENCH PEOPLE assemble at the polls, on October 21, to elect their first representative assembly since the liberation of France—and since 1936—they will be called upon to decide two questions: first, whether this assembly is to be a Constituent Assembly, and second, if the answer is "yes," whether it shall enjoy sovereign or limited powers.

In the event that the answer to the first question is "no," the constitutional laws of 1875, popularly known as the Constitution of 1875, shall be deemed valid and the assembly elected will function as a Chamber of Deputies. Within two months a Senate will be chosen, and shortly thereafter the two bodies, meeting as a National Assembly, will elect a President of the Republic and, in due time, will proceed to revise the old constitution. This procedure is advocated by conservative groups like Louis Marin's Republican Federation and by the Radical-Socialist Party, traditionally the party of French moderates, of which Edouard Herriot has again become the undisputed leader.

If the answer to the first question is "yes," the constitutional laws of 1875 shall be considered abrogated and the Constituent Assembly will draw up a new constitution, after having elected a President of the Republic who shall appoint a council of ministers and assume executive powers. At the end of seven months, the completed constitution will be submitted to the electorate for approval.

The question most fervently debated in connection with the coming referendum has been the extent of the powers which the Assembly shall enjoy while it is engaged in framing the new constitution. General de Gaulle and his government contend—with good reason, it seems—that the Constituent Assembly cannot perform its labors with the proper detachment and serenity if it must, at the same time, discharge the exacting duties of a legislative assembly. Furthermore, they question the wisdom of giving the Assembly sovereign powers (including the power to overthrow the executive) at a time when, in the absence of a constitution, the relationship between the executive and the legislative branches of the government is not properly defined. Consequently, they propose that the Assembly's authority be limited to voting the budget, approving or rejecting peace treaties, and passing on structural reforms, such as socialization of banks, utilities, etc. It is only fair to say that the limitations proposed by General de Gaulle's government offer very adequate guarantees against abuse of power by the executive, since the Assembly could, merely by refusing to vote the budget, completely paralyze the activities of the government.

Supporting the government's project of a Constituent Assembly with limited powers are the Socialists, once again led by Léon Blum, and the Mouvement Républicain Populaire (MRP), a party of Christian Socialists, of which Foreign Minister Georges Bidault is the outstanding leader. The Communist Party favors a Constituent Assembly with sovereign powers.

For a number of psychological and practical reasons, there is little doubt that the Constitution of 1875 will be voted out of existence. In the first place, it is inseparably linked with the Third Republic, which

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went down in the disaster of 1940. For most people, this is sufficient to condemn it. Second, owing to the excesses and the impotence into which the Parliament had fallen during the years preceding the war, the Constitution of 1875 has become associated with the idea of bad government. Finally, the war has caused such material and economic ravages, such deep physical and spiritual suffering that most Frenchmen can find the strength to face the future only in the thought that they are going to make a completely fresh start.

Although the Constitution of 1875 proved itself a useful instrument of democratic government, the chief criticism that many Frenchmen direct against it today is that it no longer fulfills the needs of a society which has seen the individual progressively lose his autonomy, and in which the development of science and technology has put the many even more completely at the mercy of the few. Individual freedom will have to be redefined in the light of this reality, and perhaps even greater limits placed upon it, in the interests of an equality that can no longer be restricted to the political field but must extend to the social and economic fields as well.

Among the problems that will engage the attention of the Constituent Assembly, the most vital is assuredly that of the stability of the executive. It involves both the question of presidential powers and the question of ministerial responsibility before Parliament.

Under the Constitution of 1875, the President was almost completely shorn of his powers. He attended, but did not preside over, the Council of Ministers and he did not cast a vote. Any influence which he may have exercised was purely moral. France has developed such a complex about the powers of her President that it is doubtful if even the new constitution will provide for his election by universal suffrage, lest he feel too independent of the legislature. The President of the Fourth Republic will possibly be chosen by an electoral college consisting of members of Parliament and of the municipal and regional assemblies. Be that as it may, one hopes that the restraint and wisdom which General de Gaulle has shown in the performance of his duties as a Provisional President will have done much to eradicate unpleasant memories and that the President will be given real powers.

The matter of ministerial responsibility is equally grave. Under the old constitution, the entire cabinet was responsible before the Chamber for the acts or policies of any one of its members. If the finance minister's fiscal program was rejected by the Chamber, he and his colleagues, who had presumably approved his program in the Council of Ministers, were forced to resign. This procedure lent itself to considerable abuse. It was not uncommon for political parties to form coalitions having as their object the overthrow of the government in power and the installation of a new "crowd" bent on obtaining the political spoils. The coalition dissolved when the objective was attained. Thus did French democracy function at its worst. The best way to discourage such practices would be, no doubt, to adopt the English procedure, whereby a vote of no confidence in the cabinet entails the dissolution of the House and the holding of new elections.

Those who have marveled at the virulence of French electoral campaigns in the past may wonder whether this year's candidates to political office have learned a lesson from the terrible experience of the defeat and the occupation. One is happy to report that they have. Both the municipal and the cantonal elections were conducted with considerable restraint. Perhaps the shortage of paper had something to do with it, but shortage of paper alone cannot account for the seriousness with which the issues were discussed in the press, on the radio and at the political meetings. Not that the old horse-trading habits have completely disappeared. At the run-off elections to the General (Departmental) Councils, the Radical-Socialists and the Communists, who can hardly be called political bedfellows, agreed not to oppose each other's candidates in those districts where one party or the other was in the lead. But the electorate does not seem to have been taken in by such shenanigans. The Radical-Socialists lost heavily and the Communists just about maintained their municipal-election gains.

If, despite the anomaly just referred to, the French political atmosphere has been purified, it is due in part to the sobering experiences of the last four years (to put it mildly), in part, to the action of the Resistance, which has kept intact the organizations through which it operated underground, such as the National Resistance Council (CNR), the Departmental Committees of Liberation, and the various groups which are united under the banner of the Mouvement de la Libération Nationale (MLN) and the Front National (FN).

Contrary to the expectations of its members, the Resistance has not brought forth any important new political parties. For, while the vast majority of its members are agreed on aims (namely, realization of the program of social and economic democracy outlined by the National Resistance Council in March, 1944, and subsequently endorsed by General de Gaulle and the Provisional Government), these men of diverse political faiths are not agreed on doctrines and methods. Until they have defined more precisely their position towards fundamental problems, they are content to wait. Meanwhile they are playing the extremely useful role of civic debating societies and, as such, recall the "clubs" of the Revolutionary days. If the Resistance organizations can withstand the temptation—many have not—to swell their ranks, heavily depleted by casualties, by admitting persons who seek only to capitalize the prestige of their name, they can exert a very beneficial influence, both on the population

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at large, which they will help to educate politically, and on the future Parliament, where any possible deviations from rectitude will be promptly challenged.

The political action which, owing to its inexperience, the Resistance was unable to undertake, has once more fallen to the lot of the regularly constituted political parties. This need not be a cause for discouragement, as some observers of the old political scene might be tempted to think. For to the extent that the parties were represented in the Resistance by their individual members, they have become imbued with a new spirit and they are sincerely trying to correct the errors of the past. For example, the Socialist Party expelled from its ranks about one hundred former deputies and senators, most of whom had voted for giving full powers to Marshal Pétain in July, 1940, and stated, in one of the resolutions which it adopted at the close of its congress in November, 1944, that "for the future, it intends to win electoral victory through campaigns barring hate, violence and dishonesty . . ." With the return of Léon Blum from Germany, it has again found a leader who never wavered in his opposition to Vichy and who is giving proof of his disinterestedness—and wisdom—by refusing to run for office. By reason of its program of interior reform, which is identical with that of the National Resistance Council, of its leadership and of its purged membership, the Socialist Party has made great gains and seems destined to become the leading party of the Fourth Republic.

The Mouvement Républicain Populaire (Christian Socialists) is another party which has arisen from the ruins of the Third Republic with increased prestige. Its attitude before the war, on such questions as Munich (reflected in *L'Aube*, of which Georges Bidault, then a professor of history, was editor-in-chief), as well as the attitude of its members during the occupation (the same Georges Bidault was president of the National Resistance Council), is winning it an increasingly large following. The MRP was the principal gainer, with the Socialists and the Communists, in the municipal and cantonal elections. Some of its gains were made at the expense of the right and of the Radical-Socialists, which may or may not be a cause for satisfaction.

Partly because of its splendid record in the Underground, partly because of the revolutionary period the world is traversing, the Communist Party has a larger membership than ever—it claims one million—although its following in the country as a whole is not so numerous as that of the Socialists. It has attempted, unsuccessfully, to effect a fusion with the latter. The two parties have, however, appointed members to a coördinating committee and declared their readiness to act together in regard to certain questions. The principal reason behind the failure of the Communist Party to extend its influence more widely is the suspicion, entertained by most Frenchmen, that it is still following the directives of Moscow.

A not unforeseen consequence of the defeat and the occupation has been the almost total disappearance of parties of the Right. For the record, however, should be mentioned the Fédération Républicaine of Louis Marin, one of the rare politicians of the Right who continues to enjoy general esteem, and the Alliance Démocratique, led by Paul Reynaud, who is attempting a comeback. At the cantonal elections, these parties received a surprisingly large number of votes.

Filling most of the void on the Right are the Radical-Socialists, who adhere, without much enthusiasm, it seems, to the National Resistance Council's program of socialization. The party is still influential: in the cantonal elections it polled the second largest vote, mostly in rural districts, but in comparison with its total of 1935, it was the heaviest loser. It is doubtful that it will recover from its failures under the Third Republic. It is perhaps symbolic that its leader, the upright and cultured Edouard Herriot, during the fateful poll of July 10, 1940, which decided the fate of the Republic, abstained from voting.

The recent cantonal elections give only a moderately accurate idea of the composition of the Assembly (constituent or otherwise) which will be elected on October 21. In these elections the people voted for individual candidates—generally well known local politicians active during the Third Republic—and were probably influenced more by personalities (and force of habit) than by programs. In the October 21 elections, in which the system of proportional representation will function, they will vote for lists of candidates, not many of whom will be known to them. They are, therefore, more likely to base their choice on the program announced by the list than on the personalities which it contains. For this reason, given the temper of the French people today, one may expect the swing to the Left (mostly in favor of the Socialists) to be even more pronounced than at the cantonal elections.

Many persons in the United States are asking: "What will become of General de Gaulle after the elections? Will the French people keep him or will they reject him as they rejected Clemenceau after the last war?" The answer to this question seems fairly clear. Since the liberation, General de Gaulle's stature has grown and the people's respect for him has deepened. This unsmiling man, who, in a country wracked with defeat and treason, restored the functions of government, this would-be authoritarian, who has so patiently prepared the way for the advent of a fuller and richer democracy, who stands today as the symbol of honor and of concord, is one of the few statesmanlike figures to emerge from this war. During the long and arduous period of reconstruction ahead, it is difficult to see how the French could choose any other guide.

ANDRÉ MESNARD

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Washington Notes

Truman's First Six Months

IMPECCABLY DRESSED Harry S. Truman, standing alert behind his White House desk, with three neat folds of a matching handkerchief protruding, just so, from his breast pocket, has now been President six months this Friday, October 12.

Each President's burden seems impossible at the time, and Mr. Truman's is no exception. Roosevelt was free from international problems for a long enough time at the start of his 12 years to put through a reform program. Mr. Truman has had no such interval; his task is all mixed up: reconversion and world affairs, atomic-energy control and Lend-Lease—they all overlap. Peace has brought him immediate problems perhaps as great as those of war, without the same national unity to help solve them.

Outstanding in six months' development was Mr. Truman's message to Congress, a long, humdrum document which nevertheless placed him definitely on the liberal side and picked up most of the Roosevelt New Deal reforms. It ended the political honeymoon, finally dispelled conservative illusions and ensured opposition from the Right. Now Mr. Truman faces growing opposition from the Left because he has not yet shown adequate vigor in pushing his program. In general, six months have confirmed Mr. Truman as a well intentioned, politically minded middle-roader, of higher caliber than some feared and of weaker leadership than some hoped. In fairness to the President, however, it should be said that the evidence is not yet all in. He is still trying to establish his ascendency in his own party, and he is feeling out the temper of the conservative Congress.

The British debt negotiations illustrate the importance of the presidential role. Public-opinion polls show the man-in-the-street ignorant of the critical need of bailing out the British, and unaware of the disaster to global trade if the world's dollar and sterling areas are blocked off into rival and antagonistic elements. I think it is fair to say that the team of American debt negotiators here are aware of the situation and are sympathetic to the British. But they are tempted to follow the old line, not of what is the right solution, but what is the solution that Congress (reflecting the voters' current ignorance) will approve. This is what happened after World War I, when politicians lacked the courage to face facts on debts and reparations, and instead left a festering controversy to poison Allied relationships and foster isolationism for 20 years. It is encouraging that in the past week powerful voices like the Luce publications, and middle-road columnists like Lippmann, George Fielding Eliot and others, have begun to speak out militantly on the matter. Roosevelt never got around to explaining Lend-Lease to the masses, as he intended. According to the actual Lend-Lease agreement, for example, help in winning the war might be considered sufficient payment for America's aid. The problem is really up to Truman. Like a good many other things, it is a test of political courage. He alone has the public's ear and can tell the story simply and candidly. The time has nearly come when he must do it.

The St. Lawrence seaway bill has a pretty good chance of passage—30 years late. It would have been of inestimable value in World Wars I and II; it was blocked, of course, by the Constitution. A great majority of the people and the states have wanted the seaway—a glance at a map is the best argument for it—but the constitutional requirement of a two-thirds Senate majority for approving a treaty has hitherto put it in the power of a minority of Senators to block it. They did that in 1934. Opponents are the railroads, the power companies and dog-in-manger rival seaports. The two-thirds treaty provision is probably embedded in the Constitution for keeps, but more and more, as its undemocratic and harmful nature is realized, means are being found to circumvent it. In this instance a resolution has been drawn up utilizing a prior agreement with Canada, by which the waterway can come to both houses of Congress for a direct majority vote, rather than by the cumbersome treaty route. It should pass.

Unfortunately, the seaway will be late. The cost of the whole thing, I am told, would have been paid for by lower transportation rates in the past war, if the seaway had been dug earlier. But better late than never. Surplus power from contemplated hydro-electric developments will be no mean benefit. Seaway advocate Senator Aiken of Vermont tells me that New England and New York are now paying $300 million more annually in electricity bills than they would under TVA rates.

Senator O'Mahoney and others have put a brake on what looked like one of the biggest spoils grabs of public property in years. Just as the Departments of Justice and the Interior had worked out a court test to decide which —state or federal government—had sovereign title to fabulously rich underwater oil deposits in tidelands, an oil lobby rushed a bill through the House guaranteeing the title to the states. The bill went through without a record vote, almost unnoticed, 108 to 11. What it meant was that instead of letting the courts deside the matter, Congress would hand title over to the states, which, in the case of California, are already committed to turning the whole domain over to private oil companies. If a court decides that the undersea oil land is federal property, then the oil belongs to you and me. The House proposes to give it all away, without even letting a court decide whether you and I have an interest. Fortunately a fight has developed in the Senate to block HR 344. Last year the fire-insurance-company lobby tried to do the same thing: push a bill through Congress in its own interest after the matter had come before a federal court for decision. O'Mahoney blocked that move and he and others are now insisting on public hearings in the tidal-lands issue. This is a victory, so far as it goes, but unless there is extremely strong public pressure, the Senate may ultimately follow the decision of the House.

The New York *Daily News's* Washington columnist, John O'Donnell, charged last week that General Patton was ousted from his military-government post in Bavaria as

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an aftermath of slapping a Jewish soldier in 1943; that there was a connection between Drew Pearson's revelation of the incident over the radio on November 21, 1943, and the fact that his former colleague, Robert S. Allen, was attached to Patton's staff; and that Supreme Court Justice Felix Frankfurter, White House assistant David K. Niles, Henry Morgenthau and Sidney Hillman were "behind the successful drive to disgrace and remove" the General as a result. To date Morgenthau and Hillman have hotly and circumstantially denied any connection with the incident; Mr. Allen has pointed out he was on maneuvers in Louisiana when the slapping occurred; and the father of Charles Kuhl—the Mishawaka, Indiana, soldier who was slapped—has denied (1) that his family is Jewish or (2) that Patton (as O'Donnell alleged) called him a Jew. The *Daily News* has apologized for the story, and Mr. O'Donnell continues to write his column.

Washington T. R. B.

Serious Efforts

Deep Are the Roots, by Arnaud d'Usseau and James Gow. Fulton Theatre, September 26, 1945.
Live Life Again, by Dan Totheroh. Belasco Theatre, September 29, 1945.

THE AUTHORS of this new play at the Fulton had a great success two seasons ago with their "Tomorrow the World," later an effective moving picture. For a considerable while "Deep Are the Roots" also is effective entertainment, until you realize more and more that it is dealing with serious matters and is steadily prattling itself into rubbish. A certain constructive skill helps at least to hold our attention well on toward the last act. By then so much wind has gone out of the whole thing and the speeches have become so mechanical and busy that your strongest reaction is one of resentment.

The material undertaken is the race question; the scene is given as a small town in the Deep South. A young colored man comes back from the war, where he has been a hero, and is to take up his life again among his own people, white and Negro. His old mother tries to warn him: she knows the dangers ahead. A novelist from the North is there, engaged to one of the two daughters of the house; he provides some of the judgments to be passed on the treatment of the young Negro. This young Negro turns out to be in love with the second daughter, and finally she professes her love for him, and would marry him if he did not think it impossible. On a trumped-up charge of stealing a watch he is put in jail, then let out again, and the play ends with the young woman going away to find some sort of life for herself.

Until the last act, "Deep Are the Roots" is a kind of third-rate drama that is well above most of its type, more entertaining as theatre. But when matters thicken up and you find yourself asked to regard it seriously, its glibness with dark and tragic matters and its lack of any reality save that of clichés become both silly and offensive. The clichés are the familiar ones about the Southern whites and the race question; when the curtain descends on them at the end they are pretty much the same as they were at the beginning. It is unfortunate when such grave matters are turned thus into theatre trash.

Someone evidently decided early in the game that nothing would be done about the Southern atmosphere which the play is supposed to present. Mr. Harold Vermilyea, as a family cousin, put something Southern into his performance, and Mr. Charles Waldron, as the old Senator, head of the house, might pass. Otherwise nobody even remotely suggested the South, the idiom was colorless Broadway, there was no characteristic flow of emotion—even small details like the word "waistcoat" and the word "address" did not concern themselves with mere locale; "waistcoat" was pronounced with the long "a" sound, and the accent in "address" was put on the first syllable, which is not apt to be heard in the South nor to be found, so far as I know, in any dictionary. One might well ask why discuss such a play at this length. The answer is that it manifests an undeniable skill which is specious and misleading where we have every right to demand genuine feeling and power of conviction.

Miss Barbara Bel Geddes as the younger daughter played with a varied intensity and emotional rhythm that were highly promising.

Mr. Totheroh's play, "Live Life Again," appears to have met with an immediate failure, but it deserves to be recorded here for reasons that are the reverse of the above discussion. In this play the feeling was tender and intimate, and at times profound. The aim was toward the poetic and a certain degree of stylization. You could not for an instant say that this occasion as a whole came off, but you kept wishing it would. You respected its spirit. It reminded you of this same author's "Wild Birds," "Distant Drums" and "Moor Born," in which the same searching, inner quality was present.

The story of "Live Life Again" concerns a young boy and the spell his mother, long dead, has on his mind and entire life, his relation to his father and to the girl he loves. In the end his father marries the Swedish maid, the boy comes with a rifle to kill him, in a tussle the rifle goes off and kills the father, there is a final passage of understanding and love betweeen the two of them. The conception of the play is lyric and the dialogue in many places requires no little declamatory skill. Mr. Donald Buka gave an excellent performance of the young man, a sensitive and poignant interpretation. Mr. Thomas Chalmers, as the father, and Miss Beatrice de Neergaard, as the Swedish maid, played admirably.

The scenery and lighting by Mr. Albert Johnson tried for stylization, as was fitting in the case of this play, but easier said than done. I thought Mr. Johnson's design remarkably interesting, original and provocative.

I should say the same for the directing of Professor Sawyer Falk. Professor Falk's work in the drama department of Syracuse University is of course well known. In handling Mr. Totheroh's play he went a long way toward a unity and elevation in style rarely seen in our theatre.

What this play suffered from more than anything else was a certain wordiness or looseness in the writing. Sometimes the lines would be beautiful, sometimes they were mere fruits of the will, not of the imagination. Sometimes they were tedious through being overexplicit. There kept coming into my mind what Madame de Maintenon said about sincerity: it does not consist, she said, in saying a great deal, but in saying all.

STARK YOUNG

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Utrillo

THE IMAGE of France, particularly of Paris and more particularly of Montmartre, that the French artist Maurice Utrillo (1883-) has been painting extensively since he was nineteen, is stable, unpopulated, candid, elegant, pure, very masculine and as though it existed in memory. Utrillo's paintings, which vary in subject matter and purpose probably less than even Rouault's or Mondrian's among the moderns, are landscapes, mostly of streets and buildings, very frequently churches, seen in the daytime, at an hour when few people are about. He paints more realistically than any other great living painter; in his work there is extreme definiteness, an unusual air of indestructibility, absolute surety in the use of paint and in knowledge of what the scene should look like, and an utter absence of doubt or disorder. The only fugitive details are the occasional people, who are usually women dressed in the style of 1910. Utrillo's ordered, quiet scene seems closer spiritually (though not technically) to painting in the last century than to this, in which most of the important painting is abstract, surrealist or strongly influenced by a surrealist concept, and in which most of the advanced painters feel closer to and have more respect for those realities that can be got through neutral plastic means, non-realistic means, attention to the unconscious, or fantasy.

The primary characteristic of an Utrillo landscape is the quality of its surface. Every inch of the canvas is imbued with a dry, restrained light that makes the color very deep and pure and creates the sense that there is no actual top surface but that the form is simply voluminous light and color. He also gives the surface a tempered effect and, by painting it with so much grace, tenderness, style and patience, creates in each object the elegant luminosity of age. It is this quality of surface, combined with the stillness of perfect equilibrium in the composition, that makes his paintings seem to be taking place in memory. There is singular purity in his color, in his structures, which seem to have nothing in them that is extra, out of place or inharmonious; in his light, which is moved with such consistency from one edge of the painting to another and back into space; and in the unsurpassed way the paint is applied so that each detail has a delicate life comprised of the perfect relations of color, line and light.

Though his paintings are graceful and charming, they are also intense and masculine. The shapes and compositions are angular, blocky or pyramidal; the surfaces that are infused with air and light are nevertheless basically hard; and one of his most characteristic notes is the use of a deep, sensuous, biting dark (usually a bluish umber) that is virile, even violent. This dark is as typical of Utrillo as is the rich ivory tone on which most of his compositions are based. With it he draws in a sharp, passionate manner, cuts shapes so that they become bold and aggressive, and inevitably counters every small area of light with a dark that intensifies the radiance of the color. This masculine quality is modulated by the essential subtlety, reserve, refinement and lucidity of his painting, which is in attitude and technique that of the miniaturist. In fact, Utrillo's work is perhaps the most equilibrated in modern art, with no quality unmodified by its opposite: the hard surfaces are tempered by the softnesses of light and texture, the masculinity by exquisite delicacy, the candor of realism by the magical radiance, and particularly the distinguished taste by an obstinately plain, homely naturalness.

Utrillo, who seems to influence other painters less than any other important living artist and to be the least influenced by the painting around him, is one of the great modern painters, and should be called a master painter if anybody is to be called that. His ideas have extraordinary distinction. His improvising of shape and pattern always seems wonderful because of the harmony that is achieved at the same time that both original shape and improvisation are given distinct identities. The movement from tone to tone in an Utrillo is made delicately and imperceptibly and the choice of tone is infallible. His taste is of a distinction that, for example, will repeat the pattern of some foreground foliage in a painting called "Rue Mont-Cenis" in a distant patch of city houses with such aptness and with so masterly a change of color from the green foliage to the red of the houses that the effect is utterly lovely and artless. His taste produces masterpieces in which there is the most subtle, satisfying space orchestration with light and dark, shape, color and texture. His best paintings are experiences in what a painting must be to be great art: they are complete, solid, all of a piece, clear and radiant; there is nothing in them that seems more characteristic of another artist than of Utrillo; there is nothing that is for show, literature or sentimentality; and they are painted with a skill that is unsurpassed in modern art.

The position of Utrillo in modern painting, which is that of being one of its masters but not one of its innovators, and of being the most isolated from the dominant movements, such as that toward flat, unrealistic painting, rests to a great extent on his composing. I think he is one of the great living composers, though less obviously so than, for instance, Matisse. He is very uneven, but his best work—much of it the powerful painting he did during the "white period" of 1907-1914 and that of the middle and late thirties, which increased in sharpness, virility and refinement of orchestration—has an extraordinary harmoniousness, a solidity of luminous color and the quality, rare in our time, of being entirely and perfectly completed. He usually paints within the framework of one of the most traditional compositions—a bi-symmetrical one in which the central point of the composition is also approximately the picture's center, and in which the scene moves back from each edge to this point. Utrillo's painting within this structure is in no way traditional or commonplace: on the contrary, the composition is achieved by means of the most exacting kind of work—the movement of minute color planes in original rhythms which are resolved with absolute mastery into lucid repose while the surface is finished with unequaled beauty. Paintings like "Rue Saint-Rustique" or "Rue Mont-Cenis" are so perfectly assembled, and with such distinction of style, that the beauty of its relationship is hidden by the immaculate consisteney of the unification.

"Rue de Crimée," 1910,which is now being shown at the Museum of Modern Art, is one of the great Utrillo paintings. It is a scene looking squarely down a suburban street; the basic color is ivory; the composition is more emphatically obvious than usual, with a drivingly strong move-

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ment from all sides straight into the center, where its street comes to a point; most of the surface details are left off the buildings lining either side of the street, and it is stiffer, less gentle and more simplified than the usual Utrillo. It approaches the solidity of color of the best Cézanne still-lifes, it has tremendous vitality and is heavy and voluminous with the artist's unique poetic expression. The color is a smoky, rich, mystic kind and is composed so well in space that it has a monumental force and, as in a Seurat, seems to be magically lit. The lines of the street are in constant harsh movement, either toward the sides in a taut, grim stretching or toward the picture's center in a bold sweep, and throughout the structure there are similarly moving lines or planes of color, creating a heavy, unflinching life. The sharpest notes struck in the perfect, completely unadorned, three-dimensional structure of dense color are made by the darks of trees and shadows, which are spaced through the picture to produce brutal, terrifying effects. The painting, like many Utrillo works, seems miraculous in its technique; for it is literally impossible to see what devices make the street such an overwhelmingly expanding form, and so radiant.

Utrillo has been a prolific artist and his work indicates that he is fiercely devoted to the art of painting. The main classifications that have been given his work are: 1903-04, painting from life; 1905-07, his impressionistic period; 1907-14, white period; and from 1914 onward, the period of color. He began to paint on the advice of a physician, who suggested that it might keep him from excessive drinking; since then he has been in nine sanitariums and has been frequently arrested for drunkenness so extreme as to have on one occasion nearly caused his death; but wherever he was, he painted incessantly. In 1935 he married Mme. Pauwels, who describes him as shy and gentle, but with occasional wild fits of temper. He is a devout Catholic. Apparently he continues to drink a great deal and to paint as devotedly as ever. MANNY FARBER

The Bandwagon

STIMSON URGES ARMED POWER
TO RETAIN U. S. LEADERSHIP
Secretary Asks for End of Suspicion
Among Nations Working for Peace
– *Head and subhead in the New York* Times.

He [Henry Ford II] has shown much interest in a guaranteed annual wage, but has remarked that it will not be needed while Detroit is turning out six million cars a year, and it may be hard to put through when business falls off. – *From* Fortune.

"This war is no convenience to me [Hitler said]. For five years I've been shut off from the other world. I've not visited the theatre, I've not heard a concert, and I've not seen a film." – *AP report of a stenographic transcript made at Hitler's secret headquarters on August 3, 1944.*

"SIXTY MILLION JOBS" LURES THE UNWARY
TO PEACE OF ABUNDANCE
– *Caption on a review of Henry Wallace's new book in the Chicago* Journal of Commerce.

We Knew Him When

The [House Ways and Means] committeemen said the President forwarded the stock in a letter to Elliott Roosevelt's wife, since divorced, and expressed the hope that she and his son would make a settlement with Jesse James, then Secretary of Commerce. – *From the New York* Herald Tribune.

Nonsense!

If the Japanese had invented the atomic bomb and dropped it on San Francisco or Los Angeles, no doubt protests would have been heard in this country against its use. – *From an editorial in the* New Republic.

Our readers are invited to contribute to this column; $1 will be paid for each item used. Address Bandwagon, care of the New Republic. *Please enclose the original clipping.* – THE EDITORS

Correspondence

A New Day for the South

SIR: A great deal that they are not saying is true about Dixie. That is, a great deal can be said about the revision in freight rates and what it will mean to the South and to the nation.

Besides making possible the production of shoes in Shreveport on an equal footing with Boston, besides giving Mr. Higgins and his empire a chance to continue to develop in peace, besides lessening the pressure on the poorer classes to stay on tenant farms, thus keeping down farm wages, there is an aspect that very well may be more important to the region and to the country as a whole.

Way back when Franklin Roosevelt labeled the South the nation's "Number One Problem," it was taken for granted that he was speaking in an economic sense. Yet all liberals are aware that, as far as ideology goes, the South still holds the number-one slot in the problem parade. The two seem to go together, so is it thinking too wishfully to believe that the cure for one will cure the other?

With industrialization should come greatly improved means of living. As things are today, the South spends more of its total state income on education than any other section, yet its school systems are worse than any. Today the Southern farmer workers harder than most of the nation's laborers under a system that keeps him and his family frightened by pellagra, malnutrition and outright starvation. "Lazy, shiftless, good-for-nothings," you say? Yet it is an achievement to stay alive under such conditions.

Dawns a somewhat brighter new world. Folks will be able to shuck off many of the chains that have bound them. There will be more money jingling in Southern jeans. More important—with the rise of industrial wealth, there will be an increase in funds that can be spent for social purposes. The unfortunate circumstance of the whites competing with the blacks for educational crumbs, with the whites getting just about all, will not be necessary. Poor whites, jealous of their precarious social position, need not keep pushing the Negro back into "his proper place."

The impact of organized labor, which may very well come minus the bitterness that has resulted from conflicts during the movement's growth, will have a welcome, wholesome effect. With a PAC operating effectively alongside the Southern liberals—and there are some—the day of demagogues of the Eastland, Rankin, Bilbo, O'Daniel type will be definitely shortened. With the source of so much reaction in the national government removed, the results can only be for the better.

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Forward-looking Southerners do not expect the improvement to be automatic. The experience of Arnold, Pepper, Hill and Company prevents thinking the road will be easy. Yet the same experience proves the possibility. Yes, though the Southern millennium is not with us, Armageddon is certainly at hand.
Silsbee, Tex. SERGEANT T. I.

Some GI's and the FEPC

SIR: Almost 100 GI's (officers, enlisted men and women), attending a meeting of the Manila Chapter of the American Veterans' Committee on September 12, without a dissenting voice approved a resolution urging quick passage in Congress of the measure creating a permanent FEPC.

The spectacle of men still in uniform, Negro and white, coming together in this Jap-ravaged city for the express purpose of taking action on a problem somewhat remote from present concerns is a vigorous indication of our desire to return to a better future. It was a universal sentiment of the group that our fight against fascism would have been in vain if racial or religious prejudices continue to plague the nation.

One aspect of this problem was sharply pointed up by an American-born Japanese GI, a member of our chapter. He stated in no uncertain terms what he and his brothers feared in the way of discrimination on their return to their homes in the States. A permanent FEPC, he felt, would go far to ameliorate an otherwise dangerous situation.

The old America was not good enough. You and the people at home must not fail to put it on the highroad to the fulfilment of our promises.
Manila, P. I. SGT. I. W.

Jews and the UNO

SIR: What can have been the motivating factors behind the shocking editorial on Palestine in your October 1 issue? Its calm and judicial tone is in stark contrast to the agonies which the few remaining Jews of Europe are now suffering after "liberation." These trapped animals will find it difficult to focus their thoughts on the problems of practical politics which you pose.

Is your editorial sanctum unaware that American soldiers are brutally mistreating displaced Jews, that Jews are rotting in the same concentration camps where the Nazis placed them, that anti-Semitism is on the increase in France, Czechoslovakia, Belgium and other liberated countries in Europe? How otherwise could you so callously have suggested that the life-or-death question of increased Jewish immigration be tabled until the activation of a United Nations Organization? One grows accustomed to the miserable cynicism with which the United Nations "reintroduce" democracy and its allied concepts into liberated and enemy areas. But it is painful and depressing to encounter such hyena-like laughter in the *New Republic*.
Brooklyn, N. Y. BROM WEBER

[We hasten to reassure Mr. Weber and two or three other people who have written in the same vein. We are heartily in favor of the immediate transfer of 100,000 European Jews to Palestine, regardless of any action by the UNO. We are opposed to anything which means needless delay in settling the Palestinian problem and the fate of the Jews in general. Our suggestion that the United Nations Organization should take over the Palestinian problem was made on the assumption, which we still believe to be true, that this course would probably result in less delay than any other. At the time we wrote, 26 of the necessary 29 countries had ratified the San Francisco Charter, and since then, four more have done so, bringing it formally into effect. The UNO is now a going concern; and it could begin work on the Jewish problem tomorrow, if it wanted to. —THE EDITORS]

Psychosomatic Medicine in Wartime

SIR: I have just received a letter from a physician in the Netherlands which may be of interest to you both because of its bearing on psychosomatic medicine and its illustration of what could be done under enemy occupation. The writer is a former Fellow of the Rockefeller Foundation, and at the time of the German invasion was associated with the Department of Medicine of the University of Amsterdam. The letter says in part:

Shortly after the German invasion I lost my university position and with it the possibility for laboratory research I had had up till then. This circumstance forced me to look out for a line of research that could be carried out with the simplest means. I had seen your book on *Emotions and Bodily Changes*. I had read Murray's paper on the Etiology of Ulcerative Colitis and Draper and Touraine's article on psychogenetic factors in peptic ulcer. Dr. V. D. Heijden [who is now working in Chicago] drew my attention to the work of Alexander and his school.

Originally driven more by circumstances than by conviction, I began to take life histories of all sorts of patients with internal diseases. To my great surprise I found out that the character traits and emotional conflicts which the American authors had described were the same I found in my patients. As an internist without analytical training, my method of approach was different. It was more like ordinary history-taking on an extensive scale, so that the histories took on the character of life-stories.
New York City FLANDERS DUNBAR, M.D.

From The New Republic Mail Bag

Wallace J. Campbell, assistant secretary of the Coöperative League of the United States, sends us a copy of a letter from Murray D. Lincoln, president of the Coöperative League, to Secretary of State Byrnes, pointing out that the coöperative movement in Japan before the war had more than "six million members and was a substantial factor in the Japanese economy, particularly in rural life. These coöperatives were active in consumer, purchasing, marketing, credit and utility services and were of such substantial proportions that they demonstrated the ability and willingness of the people to use democratic methods." Mr. Lincoln feels that the restoration of these coöperatives would help to implement the policy of the Potsdam Declaration of strengthening democratic tendencies in Japan.

Upton Sinclair, of Monrovia, California, sends us a copy of a letter he has written to a Brazilian newspaperman now studying in this country, in which he states his conception of the relations of writers to the peace: "There can be no doubt that writers shape the opinions of the people, and if steps are taken toward the maintenance of peace, it will be the result of what has been written in the past. I think it is the duty of all writers to stand together against the suppression of opinion in any part of the world. . . . I take it that victory in this war means that humanity has chosen the goal of freedom and social justice, and those writers who helped to explain this choice to the people, and help them into the pathway of progress, may have a hard time in their daily lives, but they will be blessed by the future, and they will be read—which is the most important thing to a writer."

Mr. Sigmund Braverman of Cleveland protests the "conspiracy of silence" on the question of Palestine. He states that "pious phrases" replace action and calls attention to the "colossal tragedy of the Jewish picture" and the action of Britain which "caused the sinking of the *Patria* and *Struma*, exiled innocent Jews to Mauritius . . . and in the fullness of her piety now condemns innocent Jews to death by her policy."

Mr. Donald G. Shook, executive vice-president of the National Publishers' Association, asks our coöperation in the December and January Victory Clothing for Overseas Relief. The goal is 100 million garments "to sustain victims of war on the long road to rehabilitation." Depots will be announced later.

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Books in Review

Economics at a Cost

GEORGE TERBORGH is an excellent economist. He is a first-class writer. And he has turned out a book[1] which does battle with one of the prevailing economic theories of our time, and does it with no holds barred.

During the profound depression of the terrible thirties, men's minds were affected as well as their stomachs. Any number of theories were generated pretending to explain our own and the world's difficulties. They ranged from the notion that a screw was loose somewhere, like a wage rate that was too high, to the massive doctrine that America had reached economic maturity, and would hereafter suffer endless stagnation, unless far-reaching action were taken to prevent it. In particular, the testimony before the Temporary National Economic Committee elaborated this latter thesis. The frontier is gone, we were told. The rate of population increase is falling. And, corporate financing is able to care of its own needs and already crowds private savings into the limbo of unwanted things. As a consequence, the maturity theorists urged, the United States can no longer absorb its savings on private account at any level of income associated with tolerable employment. So, our income must fall, and unemployment grow until savings equal investment at a level of stable stagnation. That, we were told, was America's future.

Terborgh is the first economist to challenge this theory thoroughly and in detail. He finds no adequate evidence—no evidence at all—for most of the elements that go to make up the theory, in many of its formulations. He explodes, successfully I think, the idea that the frontier's passing fifty years ago was a factor in causing the debacle of 1929. With less success, in my opinion, he undermines the notion that population change is responsible for our economic difficulties. The relationship between rates of population growth, investment outlets and savings is much more intricate and obscure than some of the cruder enthusiasts for the maturity thesis have ever realized. Terborgh makes that clear. His chapters should throw a caution into their ranks. But I do not think that he has even remotely disposed of the question. It remains a challenging field for statistical and theoretical inquiry. As for the fact that many large corporations are ordinarily able, out of their own incomes, to satisfy their capital needs, Terborgh brings this from the realm of the fanciful and allusive into the clear light of factual data. Nothing in the hearings of the TNEC was more ridiculous than the demonstration by Dr. Oscar Altman on this matter. He jumbled corporations and proprietorships indiscriminately. He displayed figures that were fairly narrow, and made inferences as broad as business enterprise. He led a legion of students to believe that American business not only could meet its own needs for capital, but actually "contributed funds to the capital market." It is true for some business concerns, all of them corporations; it is not true, I believe, for all corporations, and certainly not for all business, corporate and non-corporate. Enthusiasm for a thesis carried a competent man off his base. In his wake ran men who should have known better.

Terborgh examines income relations. He finds that the relationships among income, investment, saving and consumption have been much the same in the present century as they were in the nineteenth. There is no evidence of change as the economy came of age. Therefore, the depression of the thirties cannot be attributed to a long-term trend of savings increasing or investment declining, relative to income. Rather, for Terborgh, it was just another business depression, albeit exceptionally severe for reasons that have nothing to do with America's maturity. It is not, in short, the historical proof of the maturity thesis, which the theorists of stagnation have claimed. The program of fiscal policy, and in particular, taxation to "mop up idle savings" recommended by the maturity people, is deprived of theoretical support, he holds, and is indefensible, unless other arguments can be supplied. As for taxation, Terborgh believes policies that strike at high incomes are not only not good, but are definitely bad for economic health and general well-being. Bad theory, even with good intentions, leads down the road to perdition. He recommends that we forget this stagnation mirage, give up government policies built upon it and resume the hard task of mastering the multiple causes of the business cycle, and provide a political climate encouraging to enterprise.

To this I have two things to say. First, Terborgh misses a point of fundamental analytical importance. Granted that the aging of the economy has not changed the ratios among savings, investment and income; this is not the main point. *It is the actual amount of savings and investment that count.* Our economy is very highly developed. There has never been one so productive. There is no reason, theoretical or historical, to believe that the amount of investment to be provided by private enterprise will be enough to sustain even tolerable employment, let alone full employment. As for myself, I believe that it will not, no matter what our political climate is, except perhaps for great activity in the fat years immediately after the lean years of the war. If that proves true, we shall require investment outside the private sector on a large scale, or a shift in income that will increase consumption, or both. The critical point is: our fabulous productivity, by any reference.

Second, Mr. Terborgh, like all economists, is obliged by professional self-restraint to abstain from considerations that are non-economic in character. It exacts a cost. Properly, he is concerned about business confidence. The spirit of enterprisers is important in determining the size of investment in our society. So, he would woo enterprisers with favorable public policies. He doesn't become too specific here. Businessmen often do. Many of them, for example, want the government to modify or weaken the

[1] The Bogey of Economic Maturity, by George Terborgh. New York: The Machinery and Allied Products Company. 263 pages. $3.

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National Labor Relations Act and place various restraints upon the freedom of unions to function as they have in the past. This might encourage businessmen. It wouldn't necessarily make the economy run better, for workers, too, are important in the economy. Their confidence has influence. For better or worse, they have ideas of the kind of society we should have, and the kind of government we should support. With Terborgh's advice, enterprisers might become more confident; workers, less so. I hesitate to suggest what the consequences of this might be. They might be worse. My guess is that, in the light of such a consideration, the practical conclusions that business readers will draw from Mr. Terborgh's book will be as misleading and dangerous, because of their inadequate base, as are the doctrines Terborgh so heartily condemns. But perhaps Terborgh himself would admit this, and say that, after all, he is only an economist, whose fate it is to deal with a problem for which his tools are, after all, not large enough.

J. RAYMOND WALSH

The Smyth Report

Atomic Energy for Military Purposes, by Henry D. Smyth. Princeton, N. J.: The Princeton University Press. 254 pages. $1.25, paper; $2, cloth.

JUST SIX DAYS after the atomic bomb was dropped on Hiroshima the Army released a 250-page report on the development of this new weapon. This report had been prepared in July, 1945, by Professor Smyth, a consultant on the bomb project and chairman of the Department of Physics of Princeton University. On August 12, a typewritten edition was distributed to hundreds of key people in the press, radio and science fields. It revealed the most important science story in history. It shook the world more deeply than the announcement of the heliocentric structure of the solar system by Copernicus in 1543, the synthesis of the first organic chemical by Woehler in 1828, the theory of evolution by Darwin in 1859, and the relativity concept by Einstein in 1905. The controlled release of atomic energy involved the future of all human life on a whole planet.

The demand for this epic story was so great that republication was decided upon at once. The present book contains the full text of the original report plus some excellent photographs, a few diagrams of the basic chain reaction and a helpful index. Aside from a short and vivid description of the first test of an atomic-bomb explosion at the Alamogordo Air Base in New Mexico on July 16, 1945, no new information is included. It is doubtful whether any further important data on the bomb will be released for some time.

This so-called Smyth Report constitutes the sole source of accurate information on the release of nuclear energy on a huge scale. The prompt release of this account of the basic principles and industrial effort behind the atomic bomb is a tribute to the foresight of the men in charge of the project, and an inspiring example of democracy in action. Major General Leslie R. Groves, who, as head of the "Manhattan District," requested the writing and release of the report, had two things in mind. He wanted to reduce an anticipated flood of pseudo-scientific explanations of an infernal machine that "harnesses the basic power of the universe," and to allay the fears of millions over "a force from which the sun draws its powers." For never before had such a potentially dangerous force been unleashed in a world where the dissemination of news, both true and false, was so rapid and widespread. To be sure, the report is semi-technical in nature, and not easy reading in parts. But there is a large number of professional scientists, and laymen with a sound background of high-school courses in chemistry and physics, who can get a fairly clear picture of the nature and magnitude of the achievement. The report is sprinkled with dramatic incidents of high human-interest value, some of which were included in this reviewer's account of "How the Bomb Came to Be," printed in the *New Republic* of September 17. Smyth's report is a historic document to be owned and studied.

The second reason for the immediate release of this report is contained in its final paragraph: "In a free country like ours, such questions (How can we best utilize atomic energy? and How should we regulate the secrets of the atomic bomb?) should be debated by the people, and decisions must be made by the people through their representatives. . . . The people of the country must be informed if they are to discharge their responsibility wisely." It is up to the American people to decide whether this new invention, achieved by the brains of scientists of many countries and at a cost of $2 billion of public funds, is to be permitted to fall into the hands of private corporations, or be administered by a commission of the peoples' representatives in the interest of mankind.

The people of the United States, Great Britain and Canada will have to make their desires known with regard to the advisability of turning over the secrets of the atomic bomb to the Security Council of the United Nations Organization. Discussion has already started. The American Association of Scientific Workers believes that the Security Council should be vested with the responsibility for its controlled production. Many Americans are of the opinion that the secrets of the atomic bomb should be shared with our allies as a gesture of our faith in their expressed desire to coöperate with us in the building of a lasting peace. This group rightly points out that a country as scientifically and industrially developed as the Soviet Union could discover the secrets of the atomic bomb in a few years, and that a waste of time, energy and money in needless duplication makes no sense. On the other hand, most Army and Navy people, and those who still distrust the Soviet government, insist on following a policy that would keep the secret until our allies have "demonstrated their willingness" to build a peaceful world. They point out that even though the basic knowledge of atomic energy is no secret, the time required to construct the bomb would provide a period in which our scientists might find a method of neutralizing its destructive powers. This is doubtful.

These are life-and-death questions. On our decision will depend not only the standard of living of people all over the world, but also the actual survival span of the human race, for, as Professor Smyth points out, "Should a scheme be devised for converting into energy even as much as a few percent (instead of the present one-tenth of one percent) of some common material, civilization would have the means to commit suicide at will."

BERNARD JAFFE

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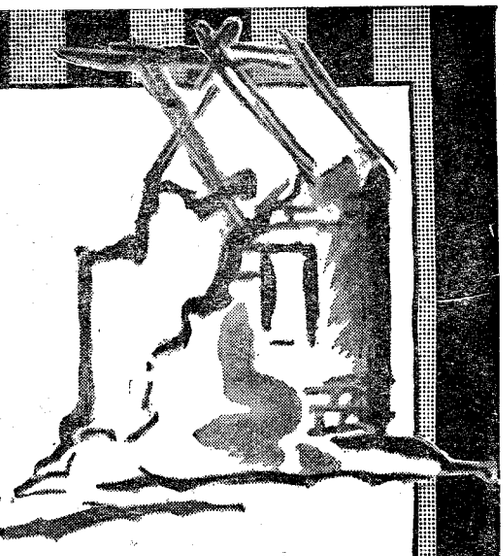

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The Regionalist Dilemma

The Silver Darlings, by Neil M. Gunn. New York: George W. Stewart. 384 pages. $3.

FREQUENT REFERENCE is made in Mr. Gunn's Scottish novels to the eviction of the small croft-holders from their lands by the powerful lairds, the dispersal of the closely knit rural communities and the gradual disintegration of the traditions and folkways he depicts with such vibrant and discerning sympathy. As far as can be gathered from his last three novels, however, he has never formulated any comprehensive attitude to the history and condition of his people. This may be the reason for the blurred, if immensely moving and poetic, perspective from which he writes.

At the beginning of the nineteenth century, numbers of these evicted crofters were transferred to the coast and found there a greater prosperity than any they had known before. Stimulated by government bounties and a growing foreign market, the new enterprise of herring fishing sprang to life, with towns expanding in its wake, fortunes being created and lives rapidly changing for good or ill. The glitter and stir of this activity, the exploits of the men venturing into dangerous waters to trap the "silver darlings," are epic material. Mr. Gunn comes close to making the most of it, writing in a fluent, vivid style, covering a long tract of time with easy narrative power, describing the effects of the plague, the sea, the press-gang on people whose emotions he understands and records with sensitivity.

The effort is never quite consummated, however, because of his inability to weave the strands on the loom of an adequate conception and broaden the pattern to include relevant historical circumstances. The story of Catrine, a young mother widowed by the press-gang, and her son Finn, who grows up to be a leader of the fishermen, tends to split rather than to focus the novel. The panoramic and purely narrative impulsions equal, oppose and weaken each other. His countryside never becomes an intelligible whole and the people he portrays are never sharply individualized. Their changing emotions are communicated with intensity, but they lack stable, well defined personalities. Although one accepts them readily, they remain human essences rather than human beings, essences of Boy, Adolescent, Wife, a sex, an age or a condition. What Mr. Gunn seems unable to cope with is non-human fixity, abstractions that pin down character or determine history. One result of this is that no person or institution is shown as vicious in his fiction, for each is seen only as a simple concentration of living emotional flux.

It is a common weakness of regionalism. When Finn is offered a chance to go to a university, he stubbornly refuses. To remain with his own kind was

> a profound if wordless impulse in him. Lairds and ministers were great persons in their own right and he would shyly step off the road to avoid encountering them, if it could be done unnoticeably. But he did not envy them. He just wanted to have nothing to do with them, to avoid them so that he could enter into the comradeship of his folk.

This is, perhaps, the root of the confusion. Mr. Gunn never seems to have fathomed the difference between

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rejection and resignation. Psychologically, politically, culturally, a stronger power cannot be avoided. To ignore the actuality of subordination is tantamount to submission and produces a similar deterioration. Regionalism is based on an implied superiority of a homogeneous folk and natural mores to the artificial culture and inhuman morality of a heterogeneous, industrial society. Correct or not, it is inevitably reduced to impotence by the action or the mere presence of the great cultural and political power centers. Regionalism is then confronted by a Hobson's choice between the quietism of Mr. Gunn and a struggle for power or a union with power—either of which would quickly obliterate regionalist values. Finn's rejection of his opportunity drains the strength from folk life as certainly as his acceptance would cripple it. WILLIAM POSTER

A Journalist in Europe

The House of Europe, by Paul Scott Mowrer. Boston: Houghton Mifflin Company. 647 pages. $3.75.

PAUL SCOTT MOWRER's autobiography—after a mellow but overlong prelude of boyhood reminiscences—covers his many years as a top-rank foreign correspondent. In 1910 he left a promising career as a reporter on the Chicago *Daily News* to take over its Paris bureau. He remained there, except for interludes as a war correspondent and on roving assignment, until 1933. His book ends with that year, on his return to Chicago to become the editor of the *Daily News*.

Mowrer was in on the various Balkan imbroglios that preceded—and also hastened—World War I. (Incidentally, his *Balkanized Europe* remains one of the most lucid studies of that super-complex area.) He covered the World War and describes with gusto some of his tingling experiences at the front. His one-man foray into the heart of the Riff to interview Abd-el-Krim was a world scoop and an amusing saga. Mowrer was present at all the international conferences which followed the war in pathetic succession. He interviewed, and got to know, virtually every world figure of those exasperating years. Being furthermore a keen student of foreign politics, his account of Anglo-American bungling vis-à-vis both Germany and France, is a powerful object-lesson for our present international statesmen. Mowrer definitely is Francophile; his case against the Allies in having purposefully weakened France and thus emboldened a resurgent Germany, oversimplifies a highly involved situation. But he bespeaks vigilance today, in high-lighting the tragic errors of the past, and that is all to the good.

Mowrer is a journalist's journalist. His reputation, both as reporter and observer of the international scene, is solid. He has sponsored and encouraged many able newspapermen, among them his brother Edgar Ansel Mowrer, Raymond Swing and Constantine Brown. While head of the *Daily News* European staff, he added luster to what was already America's most distinguished foreign staff. To Mowrer went the first award for the best foreign correspondence—his citation read: "For clearness and terseness of style and fair, judicial, well balanced and well informed interpretive writing." Yet with so much in his favor,

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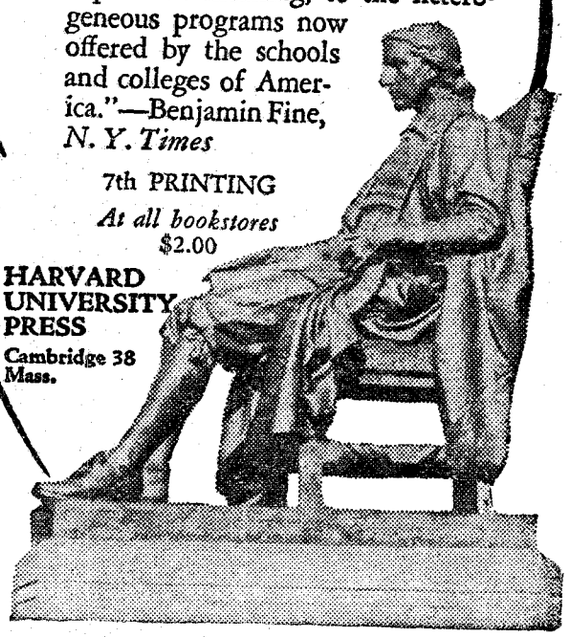

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Mowrer in this autobiography, will probably prove a disappointment. (At the present time he is European editor of the progressive New York *Post*.) The election of Roosevelt in 1932 left him unmoved—"I had read this Roosevelt's platform and speeches." He speaks of Bela Kun as the "Hungarian Jew Communist who, in the brief space of a few months, had just about ruined everyone and everything with his idiotic communism," a conclusion which is at variance with the judgment of informed liberals that the "ruining" was due chiefly to Hoover's refusal to supply necessary relief supplies because of ideological dislike for the regime. He wonders, in speaking of France's difficulties with the franc in the late twenties, "why leftist administrations are nearly always financially inept," ignoring the obvious reason that they are invariably sabotaged by the powerful financial interests of the Right. Finally, Mowrer plumps for a balance-of-power policy for the United States. As Nathaniel Peffer points out in his recent *America's Place in the World*, such a perspective offers no solution for us, principally because by its very nature it is self-defeating. To which one may add, it is also completely alien to American liberal political philosophy.

HARVEY J. BRESLER

Symposium on Reconversion

Economic Reconstruction. Edited by Seymour E. Harris. New York and London: McGraw-Hill Book Company. 424 pages. $3.75.

IF THIS BOOK had been published before V-J Day, an economic detective could have derived from it a startlingly accurate prediction of the reconversion policies to be adopted by the government with the coming of peace. Its twenty-three authors are all economic experts, and almost all of them have been intimately connected with policy-making in the numerous government agencies concerned. Each deals with that part of the subject most familiar to him. The chapters range over the whole field, being grouped under the main heads, "General Aspects," "Special Problems of Reconversion," "Controls, Monetary and Fiscal Problems," "International Economic Relations" and "Social Security." Most of the chapters were originally delivered in 1944 as lectures at the Graduate School of Public Administration of Harvard.

Even now, however, the book has great value for all those who wish to know the considerations underlying the various reconversion activities of the government and its recommendations for long-term reconstruction. While some of the chapters are concerned mainly with detailed measures and others take a larger view, there is a surprising degree of unanimity among the authorities.

In one respect the book is not an accurate forecast: most of the authors made the mistaken assumption that the war in Asia would continue for many months after victory in Europe, and they visualized two stages in reconversion. In some respects this would have made the transition easier. The government was not ready for final victory when it came and the unexpected necessity of accomplishing most of our changeover in one brief period has contributed much uncertainty to the outcome. Nevertheless, the contributors seem to favor the utmost possible speed

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in cancellation of war contracts and removal of controls, rather than reconversion of a gradual nature, planned and supervised in all its details by governmental authority.

One may search the book in vain for the uncritical optimism displayed by some business spokesmen that private enterprise can promptly bring about full employment and maintain it without governmental intervention. Those who express opinions on the subject recognize the danger that transitional unemployment may so reduce consumer demand as to act as a curb on expansion, that those consumers who have liquid funds may not use them to satisfy deferred demands and that a genuine depression may follow. They also, of course, recognize the opposite danger, that we may have an inflationary boom which would be equally injurious in the long run. It is possible that the two tendencies will occur simultaneously, with inflation in some parts of the economy and deflation and unemployment in others. The retention of controls against possible inflation is recommended, as well as the prompt adoption of a national fiscal policy calculated to counteract general depression. This policy of course would be applied only in case depression were in prospect.

Among the more thoughtful essays dealing with critical subjects are those of Alvin H. Hansen on the postwar employment outlook, J. D. Black and C. D. Hyson on postwar agriculture, John M. Clark on economic controls and postwar transition, and Gerhard Colm on fiscal policy.

GEORGE SOULE

In Next Week's New Republic

A 40-page Fall Book Number containing articles and reviews by Ralph Bates, Eric Russell Bentley, Malcolm Cowley, Ralph Ellison, Marjorie Farber, Richard Hofstadter, George Mayberry, Robert Motherwell, Isaac Rosenfeld and Frederic Wertham.

Contributors

WILLIAM WITHERS, associate professor of Economics at Queens College and a vice-chairman of the New York State Liberal Party, has written a number of books and articles on taxation and public finance, and has appeared before committees of Congress to support the tax program of the Union for Democratic Action.

ANDRÉ MESNARD, an Associate in French at Barnard College, has contributed articles to *LeMonde Libre*, the *New Republic*, and the *Annals* of the American Academy of Political and Social Science.

J. RAYMOND WALSH, Director of Research of the CIO-PAC, is a news commentator for radio station WMCA. He formerly taught Economics at Harvard University and Williams College.

BERNARD JAFFE heads the Physical Science Department in New York City's James Madison High School. He wrote *Crucibles*, which won the Francis Bacon Award in 1930, *Outposts of Science* in 1935 and *Men of Science in America*, published last year.

WILLIAM POSTER is a free-lance writer, now working on a critical history of the avant-garde. His book reviews have appeared in the New York *Herald Tribune*, the New York *Times* and the *New Republic*.

HARVEY J. BRESLER, executive and lawyer, has contributed to the New York *Herald Tribune Books*, *Political Science Quarterly* and other publications.

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